Reaction to Higher Rates: It's Not a 'Normal Time'

By Lawrence Malkin

NEW YORK - With the Federal Reserve Board's having finally vielded to Wall Street's craving for firm and steady interest rates, calm returned Wednesday to bond and stock markets, and money began mov-

ing against the dollar. Normally, an increase of half a percentage point in interest rates like the one announced Tuesday by the central bank would attract money to dollars. "but these are not normal times," said David Rolley, international economist at DRI/McGraw Hill.

instead of moving smartly higher the morning after, the dollar actually dropped about a pfennig against the Deutsche mark. to DM 1.6715, and about half a yen, to 103.80 yen, and then spent the rest of the day drifting. (Page 10) Stock and bond markets showed little

Currency traders said some of this could be explained by speculators who had bet on

a dollar bounce; many dumped their dollars when the money failed to perform under the stimulus of higher rates in the United States and lower rates in Germany.

The long-term outlook for the dollar is still generally seen as healthy later this year, but traders rarely look that far ahead. Mr. Rolley said that the Fed might tighten again later this year, and that at some point investors would wake up, realize the U.S. economy and interest of the second still the second secon my and interest rates were still attractive and move back to Wall Street — but not

Currency markets are still wary that the U.S. administration's tactics against Japan include a lower dollar to make Japanese exports more expensive. The Fed's indica-tion that it was finished raising interest rates for now meant that if the U.S. Treasury needs to prop up the dollar again with market intervention, it cannot count on the Federal Reserve to support it with higher

See MARKETS, Page 5

NATO to Grant Russia Privileged Relationship

Broader Than Partnership for Peace

By Craig R. Whitney
New York Times Service

In a concession to Russian pride, NATO ambassadors in Brussels agreed Wednesday that the alliance's relationship with Russia could be broader than the Partnership for Peace offered to all formerly Communist-ruled coun-tries in Eastern Europe and the former Soviet Union, officials said.

Russia, unlike Poland, Hungary, the Czech Republic and many other countries, has repeatedly postponed formal acceptance of the Partnership, which President Bill Clinton and other leaders proposed in January after Russia made clear it would regard full NATO membership by East European countries as a threat to its

own security. President Boris N. Yeltsin said in Germany hast week that Russia expected special treat-ment within the Partnership befitting its status as a nuclear superpower, and would explain -what it wanted when Defense Minister Pavel S. Grachev visited Brussels next Tuesday and Wednesday to explain the new Russian military

A spokesman in Brussels said that Russia was still expected to agree soon to take part in the Partnership. But, he said, "The discussion today reflected the strong view that there should be scope in the broader Russian-NATO relationship for dialogue and cooperation that reflects the role and the importance of Russia in

European stability and security."

Another allied official said, "A substantial dialogue is possible, but it's not a substitute for Russian participation in the Partnership for Peace." Additional considerations given to Russia would be made known to the other members of the Partnership, officials said.

A senior NATO official explained: "Clearly, as belitting their status, there needs to be a relationship with Russia that reflects pragmatic questions - they are a nuclear power, for instance, and they are involved in the new diplomatic contact group on Bosnia." But, he said, this would be in addition to, not in place of, Russian participation in the Partner-

The North Atlantic Treaty Organization upveiled a planning cell at its European military headquarters in Mons, Belgium, last month. where countries in the Partnership can station a handful of officers to work out arrangements for joint military exercises and planning activities with the allies.

NATO is also building permanent offices at its Brussels headquarters for Russian, Central Asian, and East European officials to develop a continuous political dialogue with the alliance.

German diplomats in Bonn said that Mr. Yeltsin had made clear during his visit last week that domestic political pressures were mounton him to preserve diplomatic face and stalure for Russia.

Chancellor Helmut Kohl bowed to Mr. Yeltsin's demand to drop plans for a ceremony on the departure of Russian troops from Germany at the end of August in Weimar, near the Nazi concentration camp at Buchenwald, where the Red Army briefly held political prisoners after World War II. Instead, a ceremony will be held

The Germans also supported Mr. Yeltsin's demand for Russia to become a full member of the group of the world's most powerful industrial democracies after the next meeting of the Group of Seven in Naples in July.

Foreign Minister Klaus Kinkel of Germany said Wednesday: "I am worried about an isolated Russia that is more in search of a new identity after losing its world power status. Russia has become much more sensitive."

In addition to setting up a framework for joint training exercises and exchanges of information about military doctrine and standards. the partnership also offers consultation with NATO lor any partner who perceives "a direct threat to its territorial integrity, political independence, or security."



Easing Up on Tokyo? U.S. Aides Say 'No'

International Herald Tribuic

WASHINGTON - Senior American trade officials, on the eve of key talks with their Japanese counterparts, suggested Wednesday
that their policy toward Japan was unchanged and sought to play down recent White House

comments that a softening may be under way. The remarks by two officials were targety off the cuff and did not appear to represent a coordinated effort to shore up the American trade stance. trade stance. But neither official specifically denied published remarks by the White House economic adviser. Laura D. Tyson.

She was quoted earlier this week as saying

that it might be time for Washington to try to moderate or adjust the timing of its trade Mickey Kantor, and the undersceretary of the stance with Tokyo to reflect the political realities in Japan, without altering the overall thrust of American policy.

The two countries are deadlocked over Washington's demand for specific, measurable commitments, or "objective criteria" for the reduction of Japan's huge trade surplus with the United States. But there have been hints in recent days that some movement may soon be possible in the area of purchasing contracts by

Japanese government agencies.

The comments by Ms. Tyson were reportedly welcomed within the Japanese government, But

Treasury for international affairs, Lawrence H. Summers, separately offered the view that U.S. policy remained consistent.

In a speech to investment managers, Mr. Summers said the administration of President Bill Clinton continued to believe that "we need to see agreements that are credible, that are concrete, and that go beyond the failed agree-ments of the past" in dealings with Japan. Mr. Kantor, in an interview with Bloomherg

Business News, said, "We've not changed." "Our position is exactly as it was in Febru-See TRADE, Page 5

Berlusconi Wins Crucial Confidence Test in Italy

159-to-153 Senate Vote negotiathe PLC Gives Him Go-Ahead to 'ay's for L. Johan Push Political Agenda car alter

By William Drozdiak By William Drozdiak ad beer washington Post Service last Sep ROME — Prime Minister Silvio Berlusconi ian offi

survived his first major political test on lout for Wednesday when his week-old conservative lent Bil government won a crucial vote of confidence in aders or

The government victory, by a vote of 159 to accord.

153, was achieved with the support of several life senators, including Francesco Cossiga, a grafat former president, and Gianni Agnelli, the Fiat sent said chairman. There were two abstentions and several senators left the chamber to reduce the crusalem quorum, thus allowing Mr. Berlusconi to win commit-

The triumph in Italy's upper house will allow is report of the property of the cludes the promise of lower taxes, a million new hat Secjobs, a leaner hureaucracy and a government Christo-

cleansed of corruption.

A defeat for Mr. Berlusconi's government would have thrown Italian politics into turmoil and undoubtedly led to a new election, less than two months after an election in which voters believe banished the corruption-ridden Christian Dem-ocrats and Socialists who had dominated gov-ith com-

eruments for four decades.

Mr. Berlusconi's Forza Italia party and its munity two governing partners control only 156 seats in the 326-seat Senate. The government is assured of a similar endorsement later this week by the 630-seat Chamber of Deputies, where it alestine

enjoys a substantial majority.

Mr. Berlusconi had earlier rejected opposition calls to drop the neofascist National Alliance from his cabinet, telling the Senate that to do so would betray the will of voters who gave his rightist Freedom Alliance an overwhelming victory in the March elections.

"A majority of Italians have established with their vote that this coalition has the honor and s." Mr. the duty to govern this republic," Mr. Berlusconi said. "For a new majority, new elections would be necessary."

During the Senate dehate, Mr. Berlusconi emphasized his intention to pursue moderate policies and to sustain Italy's foreign commitments, while trying soothe worries abroad over the presence in his cabinet of five ministers from the neofascist National Alliance,

Mr. Berlusconi acknowledged that his populist governing coalition was a "radical innovation" that has been perceived by Italy's partners "in some respects with a certain justifiable anxiety." But he insisted that all parts of his governing alliance respected "the choice of democracy as the binding rule and supreme val-

Despite the alarm in foreign countries, the role of the National Alliance has not evoked much controversy in Italy. Neofascists have been represented in Parliament since the war and even leftist opponents do not consider them to be a threat to the country's democratie

The National Alliance leader. Gianfranco Fini, calls his party a "postfascist" movement unique to Italy that will have nothing to do with Europe's other extreme-right parties, such as

See ITALY, Page 2

Clinton Clears Way for China Trade Status

U.S. Highlights Gesture By Beijing on Rights

By Thomas L. Friedman New York Times Service
WASHINGTON — China has taken anoth-

er step toward meeting President Bill Clinton's human-rights conditions, a sign of progress that the administration quickly highlighted, appar-ently in an effort to prepare the public for a decision to renew Beijing's trade benefits with only a few symbolic conditions attached. A senior administration official said China

had agreed to a visit by team of American technicians to talk about halting its jamming of Voice of America radio broadcasts.

"Significant progress" by China toward end-ing jamming of foreign radio and television broadcasts was one of seven human-rights demands Mr. Clinton set a year ago as his condi-tion for renewing China's most-favored-nation trade benefits, which allow the lowest tariff

Of those seven demands, China had to make "significant progress" on five. They were to end the jamming, to account for political prisoners, to allow prisoners to be visited by the Red Cross, to ease the repression in and the pressure on Tibet and to take steps to begin adhering to the Universal Declaration of Human Rights.

The two other Clinton demands were "mandatory," meaning China had to fulfill them entirely. They were to end the export of prisonmade products to the United States and to allow the free emigration of certain dissidents who had been barred from leaving the country.

What is significant is that the senior official also told reporters Tuesday that China had

See RADIO, Page 5

Kiosk

AC Milan Wins the Champions' Cup

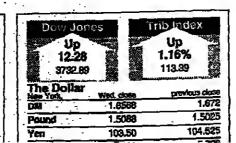
AC Milan dominated Barcelona in a clash of Europe's soccer powerhouses to win the Champions' Cup, 4-0, Wednesday night at Athens' Olympic Stadium. AC Milan became the attacking team it was supposed to be attacking team it was supposed to be attacking team. to have been a year ago. Daniele Massaro opened the scoring in the 22d minute and adding another in the 45th. Dejan Savicevic made it 3-0 in the 47th minute, and then Marcel Desailty made it 4-0. (Page 17)

U.S. Russian dispute underlined the fragility of a Bosnia accord.

Why do women need men to keep the human race going? A good question.

Book Review Page 7. Page 7. Bridge

Newsstand Prices Bahrain ... 0.800 Din Malta.



A Report Details Arrests Of 500 Others in '89

By Lena H. Sun

Washington Post Service
BELITING — The authorities arrested about 500 more people in the 1989 crackdown on prodemocracy demonstrations in Beijing than was previously known, and more than 200 of them are still serving harsh prison sentences, according to a human rights report issued Wednesday.

The information, which comes from dissidents and their families, "serves again to demonstrate that known cases of political and religious imprisonment in China represent only the tip of the iceberg," according to the joint report by Human Rights Watch/Asia and Human Rights in China, both based in New York.

Unlike the student leaders and prominent intellectuals whose cases have been the focus of international attention, the prisoners described in the report include peasants, factory workers and cadres who have received harsher sentences than intellectuals and students - many in excess of 10 years. Only 29 of the cases were previously known to human rights organiza-

Because the information is only about Beij See ARRESTS, Page 5

Arafat's Clarification: 'Peaceful' Jihad



Palestinian children searching a Gaza City military camp Wednesday for bullets to sell. The Israeli Army completed its withdrawal form Gaza Strip. Page 5.

By William Schmidt

New York Times Service OSLO - On the same day Israel surrendered final control of the Gaza Strip and Jericho to the Patestinians, Yasser Arafat and Shimon Peres met in this Scandinavian city to celebrate the place where their journey toward peaceful cooperation began in secret nearly two years ago. Mr. Arafat, the chairman of the Palestine

Liberation Organization, and Mr. Peres, the Israeli foreign minister, arrived here early Wednesday. They were joined by former President Jimmy Carter of the United States for ceremonies honoring Norway's role as a broker in the clandestine talks that resulted in last September's historic accord between Israel and the PLO.

But in a day of speeches and public tributes to the search for peace in the Middle East, the two leaders also sought to allay a furor in Israel over the revelation of remarks by Mr. Arafat, in which he called for a "jihad" to iberate Jerusalem for Muslims. At a press conference, Mr. Arafat said his

remarks, made earlier this month after he finished praying ut a mosque in South Africa. had been wrongly interpreted. His reference to jihad was not a call for violence, Mr. Arafat said.

A tape recording of Mr. Arafat's remarks

was played by Israel state radio on Tuesday.

"Jihad will continue and Jerusalem is not for the Palestinian people; it is all for the Muslim people," Mr. Arafat is heard to say on the tape. "Our main battle is Jerusalem."

Mr. Arafat on Wednesday said that what he had meant was, "I will continue my jihad for peace," or "I will continue my jihad for Christians and Muslims and Jews to pray in The Israeh foreign minister, Shimon Peres,

who appeared unexpectedly at the press conference while Mr. Arafat was speaking about Jerusalem, immediately said he was satisfied with Mr. Arafat's explanation.

"He remains remains committed to the declaration of principles, to the end of violence," said Mr. Peres.

Mr. Carter and the Norwegian foreign minister. Bjorn Tore Godel, also accepted Mr. Arafal's clarification, with the former U.S. president telling reporters he clearly understood the PLO leader to have used the

word "jihad" to mean a peaceful crusade. In a speech later in the afternoon, Mr. Arafal turned to face Mr. Peres, whom he referred to as "my cousin and my neighbor," and asked him to convey to the Israeli people "our best regards and our determination to

See JIHAD, Page 5

More Japan War Problems: Now It's Pearl Harbor

By David E. Sanger

New York Times Service TOKYO - Just when Japan thought it was patching over the damage done by a cabinet member's insistence that the Rape of Nanking never happened, a new and even more politically charged argument has broken out inside the government: When Emperor Akihito makes his first state visit to the United States next month, should be stop off at Pearl Harber."

The emperor's schedule, though not officially published. calls for him to visit Honolulu on the way back from from a two-week tour across the United States. Until a few days age. Japanese officials were whispering that the emperor would visit the memorial at the battleship Arizona and express his sorrow over the war, which was begun under the reign of his father.

with the war, the government is suddenly getting cold feet. Influential right-winger politicians oppose the visit.

Hanging onto power by a thread, Prime Minister Tsutomu Hata's calimet is clearly fearful of being blamed if the emperor is perceived to be apologizing for an air attack that many Japanese still believe was a justifiable response to U.S. eco-

"The pendulum is swinging," one Japanese official said, "and there is a good possibility that Pearl Harbor will disappear from the whedule."

Although Akihito visited the Arizona as crown prince in 1960 and Emperor Unrobito visited Hawaii during a tour of the United States two decades ago, no Japanese emperor has paid

respects at Pearl Harbor. In its broad outlines, the argument over the emperor's

on Chinese soil. Influential right-wing politicians tried to scuttle that trip

two years ago, the first time a Japanese emperor ever stepped

altogether, protesting that it would violate the apolitical role of the Japanese monarch in the postwar constitution, and humiliare modern Japan by seeming to kowtow to China's leadership. But Akihito, who became emperor in 1989, was determined to set a different tone, and issued a fairly strongly worded

statement of regret for the suffering Japan caused. To many Japanese, however, Pearl Harbor is a very different issue. The widely accepted interpretation of the attack is the one written by General Hideki Tojo, Japan's wartime prime

minister, who said that the embargo on oil and steel deliveries to Japan made it inevitable that the country would lash out. "For Japan, doing nothing would have meant the destruc-

and Supply Supply Browislawa Vansta (te-

CLASSIFIED

INTERVATION

44 Er Toore Wifegunden

For Retiring German Chief, a Past Never Forgotten

By Craig R. Whitney New York Tones become

BONN - For in years, President Richard con Weizsacker has been the conscience of his country, insisting againand again to his fellow Germans that the only solid foundation for their future is acknowledgment of the past

Like any good conscience, the white-haired aristocrat has often deliberately made his listeners uncomfortable. Speaking nine years ago about the killing of 6 million Jews by the Nazis, he said.

"There were many ways of not burden-ing one's conscience, of shunning responsibility, looking away, keeping mum. When the unspeakable truth of the Holocaust then became known at the end of the war, all too many of us claimed that they had not known anything about it or even suspected anything."

Reflecting the other day, the president, 74, said, "I wouldn't take hack a single word of that speech today.

With a special political assembly scheduled to convene on Monday to pick his successor, the speech seems fated to

UN Cancels

3 Flights to

Tuzla After

Pilots Balk

By Roger Cohen New York Times Service

ZAGREB, Croatia - The Unit-

ed Nations canceled three planned flights into Tuzla airport Wednes-

day, underscoring the apparent ability of the Bosnian Serbs to close

at will the airport near the govern-

ment-held northern Bosnian town.

whose services are leased by the

UN military command refused to fly to the airport because of Serbi-

on shelling of the airfield Tuesday. We tried to persuade the pilots.

but their view was that the airfield was not safe," said Matthew Ner-

zig, a spokesman for the United Nations in Zagreb.

tanks in the mountains ringing the arried struck the airport Tuesday

One exploded near a UN Hyushin-

76 transport that had just landed in the first flight to Tuzla since the

Following the incident Tuesday.

Lieutenant Colonel Lars Muller.

deputy commander of the Nordic battalion based in Tuzla, asked for

NATO air sinkes against the lank.

But Lieurenant General Michael

Rose, the commander of UN forces

"Close air support from NATO is a last resort for UN troops under attack and when loss of life is at

stake," Mr. Nerzig said, "This re-

quest did not meet those stan-

The disagreement over how to

respond to the Serbian shelling

seemed certain to worsen the af-

ready tense relations between the

Tuzla-hased Nordic battalion of

the UN Projection Force and the

top UN official in former Yugosla-

The Nordie battalion is very im-

patient over the situation at Tuzla-

airport, which was opened by Mr.

Alashi last March only to be closed

again a lew weeks later. The Nor-

negian commander at the surfield

and earlier this month that the air-

☐ 11 Aid Workers Set Free

Wednesday that Bosman Serbs had

released 11 French aid workers de-

tained in Bosnia on April 8, Rea-

France's Foreign Ministry said

cia, Yasushi Akasiu.

port is, in his view, safe,

ters reported from Paris.

in Bosnia, relused.

airport was closed on April 14.

Four rounds lired by Serbian

The decision to cancel the flights was made when civilian pilots 20 into the history hooks as the defining

moment of his presidency.
If got many letters then asking me what right I had to say that many Jews had died," he said, "Today, I am still getting the same kind of questions, but now they sign their names and give their addresses. Nine years ago they were anonymous. That has bothered me more

Questioning the historical fact of the Holocausi is a crime in Germany. The law was challenged in court this year by a rightist radical leader, but the country's highest tribunal, the federal Constitutional Court in Karlsruhe, reaffirmed it.

The German presidency is a ceremonioffice without executive powers, but Mr. Weizsacker used it as a moral tribunal, reflecting what he had learned from his own past.

Born in Stungart in 1920, the young haron studied at Oxford before the war and served as an officer in a Prussian infantry regiment that took part in the invasion of Poland in 1939.

Some of his friends were involved in the assassination attempt against Hitler in 1944. At the same time, Mr. Weiztary of the Foreign Office and ambussa-

dor to the Varican. He was sentenced to five years, imprisonment by the Nuremberg war crimes tribunal, Mr. Weizsäcker, then a law student, helped defend him and Liter helped

Weizsäcker used presidency as a moral tribunal.

publish his memoirs, which portrayed him as opposing the Nazis. In an interview much later, Mr. Weizsacker said he had never been happy with the memoirs. His father, he said, must have known about the Nazi war crimes in broad outlines but not in all their hornfy-

ing detail, and thought that duty required

him to continue working as a diplomat. Despite a rash of neo-Nazi violence against foreign immigrants and asylumseekers in the last two years, Mr. Weizsacker said he would retire on June 30. the end of his term, with undiminished

DISABLED DEMONSTRATE — A paraplegic woman being carried from the path of a London bus Wednesday after a group of disabled people stopped traffic to protest what they called the "wrecking" of a bill to protect the disabled from discrimination.

U.S.-Russia Rift Shakes Unity on Bosnia

ZAGREB, Creatia - Beneath the show of close involvement with the Muslim-Creat fed-peackeeping operation in Bosnia, are unxious

unity on Bosnia-Herzegovina last week by the United States, Russia and the European Union. The could not have demanded 58 pertos to stop the war by virtually any means, but the United States, Russia and the European Union.

American official said, "Because of the Russian

concerns, a formal signing ceremony for the

federation in Geneva last Saturday was down-

The officials said that although the Clinton administration's bucking of the 51 percent lig-

ure was sincere, there was considerable unease

in Washington at the notion of putting pressur-

ing on the Bosman government to abandon its

S percent goal. After more than two years of war, the Bosni-

an Serbs hold about 70 percent of the country.

To satisfy the claims of the Muslim-Croat fed-

eration, they would have to give up almost one-

Apart from 1/2S, difficulties with the Rus-

their shared Orthodox Christian heritage.

marked strains persist with the Europeans over

The British and the French, who are heavily

how best to stop the war, the officials said.

graded to a mere reception."

third of this.

sacker's father. Ernst, was a diplomat confidence in the ability of German de-who served under Hitler as chief secreby unification four years ago.

"If you see the solution to problems like racism and violence only in stricter laws, tougher police measures and stringent political speeches, you are mistaken," he said. "It isn't police or laws that determine how people behave and think. Teachers, parents and even the media have much greater influence, and should be aware of the role they have to play."

In a recent German magazine interview, Mr. Weizsäcker did have one serious criticism for the unification process. When the Berlin Walt fell in November 1989, he told the weekly Stern, there was widespread readiness in the western part of the country to sacrifice to help the impoverished Communist-ruled eastern part, but the government never took advantage of it.

"Instead, the state preferred to finance the enormous sums that had to be transferred by a gigantic deficit," be said.

This, like many of the president's previous pronouncements, was taken by many politicians as a veded criticism of

Mr. Kohl does not tolerate challenges to his leadership lightly. He may have thought in 1984 that he bad relegated Mr. Weizsäcker, previously the Christian Democratic mayor of Berlin, to political impotence when the party nominated

im as president. Mr. Kohl seems bent on determining that the next president is somebody with

whom he can be happy. The chancellor's first nominee with-drew in November after a series of awk-

ward statements. The current nominee is Roman Herzog, the president of the Constitutional Court. He aroused controversy this month by saying that Turks living in Germany were not automatically entitled

to become citizens. At a dinner with foreign correspondents, Mr. Weizsäcker haughtity dis-missed attempts to get him to comment

on Mr. Herzog's statements.

Mr. Weizsäcker's lecturing tones have sometimes grated on his listeners, but many Germans say that whoever succeeds him will have a difficult time filling

Hata Puts A Halt to **Rising Fees**

By James Sterngold

order will actually bring about the freeze, since many of the fee increases, covering everything from postal rates and highway tolls to public housing rents and subway fares, are the responsibility of local reflected the mounting public anger over the surging fees and the potential political repercussions of

fact that the increases have come at the worst possible time. Japan is in the grips of a deep recession, inflation has all but disappeared and wholesale prices are actually declining in many instances. Nevertheless, the government has ap-proved or is considering fee. increases that will cost consumers more than \$22 billion this year, according to estimates by Morgan Stanley International.

has passed for this year. Takeshi Nagano, president of the Federation of Employers' Associations, a major business lobbying group, has vigorously criticized the increases and sought to embarrass the government by asking Tuesday if he could testify at an upcoming government hearing on the high-

In Japan

the problem.

The dismay is a product of the

The cost of mailing a letter has risen 29 percent. Highway tolls in Tokyo just jumped nearly 17 per-cent for cars. There are also increases in pension premiums, telephone service fees, alcohol taxes, tuitions and many others.

Business groups have complained loudly that the increases will further slow the economy and all hul crase the expected benefits of an income tax cut the Parliament

way toll increases.

Hiroshi Kumagai, the chief cabi-

TOKYO - In one of his first acts as Japan's new prime minister.
Tsutomu Hata responded Wednesday to growing criticism of a wave of steep increases in government-controlled fees and tolks by ordering the bureaucracy to freeze the fees at their current levels until

It is uncertain that Mr. Hata's governments. But his unusual call

net secretary, said here Wednesday that Mr. Hata had ordered all the increases to be frozen, except those already approved.

WORLD BRIEFS

Rival Yemenis Fight for Key Base AL ANAD, Yemen (Combined Dispatches) — Northern troops Al ANAD, Yemen (Combined Dispatches) — Northern troops for a

backed by heavy armor battled on Wednesday with southern forces for a key military base governing the northern approaches to Aden, witnesses

Reporters were taken by northern forces inside the Al Anad encamp-ment and watched as artillery, tank and rocket fire shook the base. Southern troops appeared to be firing from outside the perimeter in an effort to dislodge the northerners. Heavy firepower was coming from inside and outside the base about 60 kilometers (about 35 miles) north of

the port city. Control of Al Anad was a key objective of forces loyal to President Ali Abdullah, Saleh in their push toward Aden, the stronghold of the southerners led by Ali Salem Baid. The rival armies from the former conservative North Yemen and Marxist South Yemen, which united four years ago, have been locked in civil war for two weeks. (Reuters, 4FP)

Opposition Takes Big Lead in Malawi
BLANTYRE, Malawi (WP) — Leaders of the opposition United
Democratic Front called on Malawi's 96-year-old life president. Hastings
Kamuzu Banda: 10 concede defeat Wednesday in the country's first multiparty elections, as early but unofficial results showed a commanding lead for a former cabinet minister and businessman, Bakili Muluzi.

Mr. Muluzi held an overwhelming lead in the country's populous

southern region, which includes the commercial bub of Blantyre, and smaller leads in Mr. Banda's native central region and in the fess populous porth.

populous north.

Opposition leaders and diplomatic sources said it appeared all bur certain that Mr. Muluzi would unseat Mr. Banda. Party officials were already planning for the new president to be sworn in on Saturday. "We are hoping they will be civilized enough to concede defeat." said the United Democratic Front secretary-general. Harry Thomson.

UN Inspections Begin in North Korea

VIENNA (Reuters) — United Nations inspectors arrived at the North
Korean nuclear complex north of Pyongyang on Wednesday and started
work at one of the plants, the United Nations nuclear safeguards agency

A spokesman at the International Atomic Energy Agency, based in Vienna, said he was unable to confirm whether the three-man team had visited a five-megawatt nuclear reactor at the complex in Yongbyon. Some reports have said that Pyongyang has begun refueling the reactor in

defiance of the UN agency.

"They have reported back that they bave arrived at Yongbyon and have started work," the spokesman said, but gave no further details. There is some confusion whether North Korea has just shut the reactor to allow its core to cool before refueling, or whether it has removed its

Thai Officials Suspected of Drug Link

BANGKOK (Reuters) - The United States suspects that 17 Thai

BANGKOK (Reuters) — The United States suspects that 17 that politicians, including several members of Parliament, are involved in the narcotics business. That government officials said Wednesday.

Foreign Minister Prasong Soonsirt informed government colleagues of the U.S. suspicions during a cabinet meeting on Tuesday, an official said. Opposition members of the National Assembly, alleging that the government had political motives for revealing the suspicions, walked out of the House in protest on Wednesday after demanding that Mr. Prasong identify these under suspicion.

identify those under suspicion. The only politician identified so far was Mongkol Chongsuthamance, a member of the opposition Chart Pattana (National Development) party from Chiang Rai Province. Mr. Prasong said Wednesday that Mr. Mongkol had been denied an entry visa in March by the United States. Mr. Prasong said he did not know the reason for the visa refusal and refused to elaborate on the U.S. suspicions.

TRAVEL UPDATE

High-Speed Station for Euro Disney

PARIS (AP) — A station for France's high-speed trains will be inaugurated Thursday at Euro Disneyland and go into service May 29 making it easier to visit the amusement park.

The station at Marne-la-Vallee, 30 kilometers (20 miles) east of Paris, will make the park infore accessible from French provinces and countries on the high-speed rail network, like Belgium and Switzerland.

Euro Disney with 25% publications france (34 and Switzerland).

Euro Disney put up 250 million Trancs (\$44 million) of the cost of the station: the French government, which had promised the station to lure

Disney to France, paid the remaining 580 million francs. American citizens traveling in Yemen tisk being captured and held hostage the U.S. State Department warned. It stated. The U.S. governnent has learned that Islamic extremists may be planning to injuste a

hostage-taking against Westerners in Yemen." Russian airline pilots suspended their nationwide strike just hours after it began Wednesday, but threatened to resume it in two weeks unless the Russian government tightened safety rules and increased pensions. (AP)

Japan Airlines said Wednesday that it would begin a new daily nonstop joint flight with Air France between the new Kansai International Airport in Osaka and Paris.

Vietnam Airlines has signed a deal with Delta Airlines to coordinate schedules as a way to tap into the potentially lucrative route to the United States, the Vietnam News Agency reported. (4FP).

Singapore plans to tighten its already strict anti-smoking rules by anning tobacco smoke in all air-conditioned private offices and factories, the Health Ministry announced Tuesday. All future mass transit systems in central Bangkok must go under-

ground, the Thai cabinet announced Wednesday. . . . (Retters) It could be a bad year for Lyme disease in the northeastern United States, according to scientists at the Connecticus Agricultural Experiment Station in Hartford. Snow that blanketed much of the area last winter is believed to have protected ticks, which spread the disease against freezing temperatures.

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a sharp diplomatic dispute flared between Washington and Moscow that underscored the

fragility of international efforts to end the Bos-

new questions about the effectiveness of diplo-

matic attempts to stop the fighting in the for-

what was seen by Moscow as tacit U.S. support for the Muslim-dominated Bosnian govern-

ment's claims to 58 percent of the country's

After five days of United States-sponsored

talks in Vienna, the Bosnian government and its

Croatian allies last week requested 58 percent

of Bosnian territory, substantially more than

the 51 percent offered under a plan officially

end nied in the United States. Russia and the

European Union in Geneva last Enday

mer Yugoslav republic.

territory, the officials said.

American officials said the dispute raised

The clash stemmed from Russian anger at

Geneva's first business address in the finest location. The leading Hotels of the World

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ITALY: Berlusconi Wins Confidence Vote in Senate

sians, whose support for the Serbs is rooted in Muslims in general.

"The Russian view was that, because of our involved in an expensive United Nations

Continued from Page f France's National Front or Germary's Republikaner The National Adhance favors tougher criminal sanctions, including the revival of the death penalty, stricter immigra-tion controls and a strong central authority that will help subsidize the poor South, where many of its

supporters live. The National Alliance's demand that Rome should continue to dominate political life in Italy seems hound to provoke further clashes with the separatist-minded Northern League Reconciling their conflicting demands may proce to be the gravest test of Mr. Berlusconi's leadership skills.

The League wants to decentralize tialy's power centers and cede much greater authority over raves

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and spending to local governments. But the National Alliance insists on maintaining a substantial state sector that will permit tax money to continue flowing from the rich North to the South

of the Muslims suffering too overt an injustice.

as France indicated that it intended to with-

draw about 2,500 of its 6,800-member contin-

gent in the region by the end of the year if

and Europeans also center on the issue of the

emergence of a Muslim-dominated state in Eu-

rope. Although this development is not viewed

as a matter of strategic concern in Washington.

it causes deep, if generally unspoken, unease in

Europe, where the Muslim militant terrorism in

Algeria and an influx of North African immi-

grants into recession-hit economies have

heightened unease over Islamic militants and

With these differences persisting, the Serbs and Mushus have as yet shown little readiness

to comply with the call for a cease-fire.

—ROGER COHEN

diplomatic progress is not made.

European impatience became clear Tuesday

The differences between the United States

Declaring that Italy is "one and indivisible." Mr. Berlusconi indicated this week that he would impose strict limits on any dilution of the central government's authority. On the other hand, he has awarded the League a powerful base to advance its agenda through key cabi-net posts that include Interior. which runs the police and secret service, and Institutional Reform.

Umberto Bossa, the League's leader, fought a bitter battle with Mr. Berlusconi over the cabinet posts and has vowed to succeed in his ambition of breaking traly into

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three autonomous regions. Mr. Berlusconi has managed to keep Mr. Bossi under control only by threatening new elections, which polls suggest would see a larger transfer of votes from the League to Mr. Berlusconi's Forza Italia.

At the same time, Mr. Berinsconi has promised to cut taxes and slash state debt in ways that could prove uncomfortable for the National Alliance, which draws much of its support from the South. He said that the government, in its first 100 days, will press ahead with plans to rurn huge state holdings in insur-ance, oil, gas, electricity and tele-communications over to the private sector to infuse greater free enterprise into the economy.

Italy bas about 40 percent of its economy ued up in the state sector.

Craxi Disappears, but Sends Medical Excuse Via Lawyer

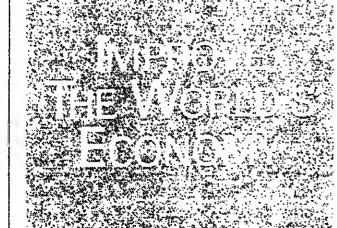
ROME - A mystery over the whereabouts of Bettino Craxi, a disgraced former prime minister, deepened on Wednesday after he sent a sick note telling magistrates that he was too ill to hand in his passport, Italian state radio reported. Milan magistrates last week ordered the former Socialist Party

leader, who is facing about 20 graft inquiries, to surrender his passport for fear he might flee the country. But Mr. Craxi, who was prime minister from 1983 to 1987, has disappeared and is thought to he abroad. He sent the medical

certificate and a covering letter by fax to one of his lawyers on Tuesday from an undisclosed location.

The certificate, signed by a foreign doctor whose nationality has not been made public, is reported to refer to diahetes, a condition that Mr. Craxi, 60, has suffered from for many years. Italian newspapers commented that this had never prevented him from carrying out his duties as a high-profile and aggressive prime minister and Socialist leader until he was laid low by the country's

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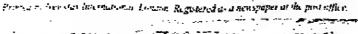
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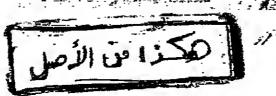
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ar-related exports extended to at least seven other nations besides Iraq that were suspected of developing nuclear arms. None of the seven allowed any international in-spection of its ouclear activities during this period. to the the

"We have all beard stones about sneaky procurement operations." said Senator John Glenn, Demo-

man, "But the news today is that many of these goods did not have Washington Post Sersice
WASHINGTON — The U.S. to be smuggled into secret nuclear government has approved at least weapon facilities. They were avail-able over the counter-quality items, 1,500 exports since 1988 of nuclearrelated equipment to foreign companies or organizations suspected

Aid Arms Spread,

By R. Jeffrey Smith

of involvement in nuclear prolifer-

ation, according to a study by the

congressional General Accounting

Argentina, Iraq. South Africa, Iran

and Pakistan, the auditing office said after a 22-month study.

speed computers, lasers, oscillo-

pounds, machine tools and other items with a total value of more

central to nuclear explosives.

All the U.S. exports were condi-

seller that the items not be used for

weapons work, the office said, add-

ing that it had uncovered no evi-

dence that the equipment was illicitly diverted to nuclear explosives

work. But the report also said the

executive branch had evidently

made little effort to verify that buy-

These approvals increase the risk that U.S. exports could con-

tribute to nuclear proliferation -

in some cases significantly," Joseph E. Kelley, the GAO's director for

international affairs issues, said at

Several congressional aides de-

scribed the report as the most com-

prehensive and damning audit of

the U.S. export control system

lraqi bayers linked to nuclear and

The report indicated that at least

from 1988 to 1992, Washington's

habit of approving sensitive nucle-

other military programs.

Committee hearing Tuesday.

ers had kept their pledges.

The equipment included high-

U.S. Auditors Warn

The auditors' report said Israel enjoyed an advantage over other nations in getting U.S. approval for purchases of high-technology equipment that can be used in its

More than half of the exports nuclear weapons program.

Of an esumated 880 licenses granted for exports to organizations associated with Israel's nuclear program, 238 were for computers that "were generally more powerful than any exported to the program of the were to organizations linked to 1srael's nuclear weapons program. Others went to buyers with ties to suspected or confirmed nuclear weapons efforts in Brazil, India, powerful than any exported to sen-sitive end-users in other countries of concern," the report said. Some were more powerful than those used to develop many U.S. nuclear

scopes, furnaces, metallic comweapons, the report said.
The auditors said the State Department had explained the export licenses by citing "the overall U.S.-Israeli relationship and the U.S. policy of maintaining Israel's qualitative military superiority over its neighbors," In 62 of the 238 computer licensing designs. than \$350 million, the study said. While each of the items could be used in inoffensive civilian applications, much of the equipment also could be used in weapons testing or the production of fissile materials puter licensing decisions. Washington obtained direct assurances from the Israeli government that the equipment would not be used in tioned on pledges by the buyer or nuclear weapons work.

But U.S. Embassy officials in 1srael "questioned the value" of such assurances, which typically were not verified, the report said, It listed only one example of an embas-sy's trying to verify the peaceful use of an unspecified high-tech export to "an end-user involved in Israel's unsafeguarded nuclear program." The verification procedure, the report said, was conducted by "an Israeli national" who interviewed a representative of the purchaser and a public relations official at a government commission,

a Senate Governmental Affairs The U.S. Embassy subsequently recommended approval of the application based on the results" of these interviews, the report said.

Such casual checks were comsince the 1991 Gulf War exposed a pattern of U.S. and allied sales to monplace, the report suggested. On the few occasions that checks were made, embassy officials sent foreign service nationals to inspect their own countries' installations. When U.S. personnel were involved, they typically were unfa-miliar with the equipment or the reason that its potential diversion had aroused concern, the auditors

> Other exports mentioned includequipment and pressure measuring gear to India's Bhabaha Atomic Research Center. The ClA says that the unmonitored research cen

By Stephen Labaton Now York Timer Service

WASHINGTON - Most of the wealth of President Bill Clinton and his wife, Hillary, is in the name of Mrs. Clinton, according to finan-cial disclosure forms issued by the White

Unchecked Exports In Clinton Nest, Most Eggs Are Hillary's

Making public their statement for 1993, the Clintons estimated their net worth at between \$633,015 and \$1,620,000. The rules do not require government officials to report their worth precisely, but only to declare their assets in ranges, and the Clintons have declined to pro-

vide more specific figures.

Last July, the family followed the custom of all modern presidents by setting up a blind trust. They put most of their assets in the hands

committed before taking office, ac- involved in a suit against a sitting

cording to administration officials, president," Mr. Cutler said.

By Ruth Marcus

Washington Post Service

Justice Department is researching whether President Bill Clinton can

be sued while in office for acts he

They said the White House counsel, Lloyd Cutler, had asked the Justice Department's Office of

Legal Counsel to look into the un-

resolved legal question, an issue

WASHINGTON - The U.S.

of Joseph C. McNay, who runs Essey Investment Management of Boston.

But even in the trust, they continued to hold separate accounts for the president, first lady and Chelsea, Mr. Clinton's share of the blind trust was valued at between \$15,001 and \$50,000, and Chelsea's was worth between \$1,001 and \$15,000. The first lady's was put at between \$500,001 and \$1 million.

White House officials said the Clintons' decision to separate their assets in the trust was like many couples who hold separate accounts after they get married.

Still, it was no surprise that Mrs. Clinton was worth considerably more, since she has been the main family breadwinner through most of their

that he may seek to block Miss

Jones's suit by arguing that the president cannot be distracted in

office hy having to deal with pri-

sued in office or after departing for

that it would be too burdensome to

a president to have to defend him-self against civil lawsuits while try-

vate litigation against him.

official acts as president.

lawsuit filed against him earlier this

"We have asked them to look as

the Justice Department at the is-sues involved in what you might

eall the public or presidency issues

The lawsuit by a former Arkan-

sas state employee. Paula Corhin

Jones, accuses Mr. Clinton, while

governor, of violating her civil

rights hy sexually harassing her. Mr. Clinton's private lawyer,

Clinton's efforts to deal with the Robert S. Bennett, has indicated ling to serve effectively as president. for private acts.

Mrs. Clinton was a partner at one of Little Rock's most profitable law firms at the same time that her husband was one of the lowestpaid governors in the nation, earning \$35,000 a year. When he moved to Washington, he got a raise, and he now earns \$200,000 annually.

The White House also reported that the Clintons accepted about \$11,000 in gifts last year. including a picture frame valued at \$530 from Tom Hanks, a \$1,200 painting from Carly Si-mon and \$255 worth of silk neckties from Donna Karan.

The disclosure statement listed no liabilities. In 1992, they closed out their loan guarantee on Whitewater Development Co., the real estate venture now under scrutiny by the independent counsel on Whitewater, Robert B. Fiske Jr.

The Supreme Court ruled in tioning of government." Justice 1982 that presidents may never be Lewis F. Powell Jr. wrote in that

In that case, the court based its to consider the related question

reasoning in part on the argument raised by Miss Jones's case; wheth-

"Because of the singular impor-tance of the president's duties, di-

version of his energies by concern

with private lawsuits would raise

unique risks to the effective func-

The court has never had occasion

er that immunity from suit also

protects a president, at least during

his time in office, from being sued

Can a Sitting President Be Sued for Past Deeds?

A Millionaire's Club on Supreme Court WASHINGTON — The nine members of the Supreme Court are wealthy hunch, with three millionaires — and Ruth Bader Ginsburg leads the pack.

Health-Care Break for Smail Companies?

WASHINGTON - A leading Democratic moderate on health-

care reform has offered a compromise on employer-provided health

insurance, a move that could enliven the chance of passing a bill with

In a meeting with Senate Democratic colleagues, Senator John B.

Breaux, Democrat of Louisiana, outlined a proposal that would

exempt companies with fewer than 11 employees from any mandate.
"I don't like mandates," he said, "but let's ask where they're bad

and let's address the problem." Mr. Breaux is the co-sponsor with

Representative Jim Cooper, Democrat of Tennessee, of a plan that

Mr. Breaux called his proposal "an attempt to find a middle ground that is fair,"

does not contain the so-called employer mandate.

universal coverage in the Senate.

In financial statements, Justice Ginshurg listed assets of between \$3.7 million and \$7.9 million, Sandra Day O'Connor and John Paul Stevens join her in the seven-figure category. Clarence Thomas brought up the rear with assets worth \$80,000 to \$275,000. Justices are required to list assets in broad dollar ranges, but they do not have

to declare personal property.

The justices also have to declare gifts. Most mysterious was the listing of two paintings of unknown value given to David Souter by a Patricia Andrews. Justice Thomas listed, among other things, cigars (\$150) and suspenders (\$125), and Anthony Kennedy put down shirts (\$400).

And if Stephen Breyer is confirmed to fill retiring Justice Harry Blackmun's seat, he will bring the Millionaire's Club to four. (#P)

Social Security is Coming of Age, at Last WASHINGTON — The House has voted to detach the Social Security Administration from the Department of Health and Hu-

man Services and make it an independent agency, ostensibly to protect its trove of money from the "political mischief" of freespending bureaucrats.

The bill approved Tuesday, by a vote of 413 to 0, would give the

office a higher profile in Washington, where every droplet in the monthly gusher of benefits is a matter of some political importance. The House bill is broadly similar to legislation that passed the Senate by a voice vote in March.

(N)77

Democrats Nominate Doctor in Oregon

PORTLAND, Oregon - John Kitzhaber, the physician architect of Oregon's first-to-the-nation health-care rationing plan, coasted to the Democratic nomination for governor and will face a former congressman, Denny Smith, in the fall.

Dr. Kitzhaber, a former emergency room doctor, faced only token opposition in the primary Tuesday from Paul Wells, who did not campaign and described himself in election documents as a housewife. The Republican primary, in cootrast, was a bitterly lought contest between Mr. Smith and Craig Berkman, both millionaire

With 90 percent of precincts reporting. Kitzhaber had 89 percent of the vote to 11 percent for Mr. Wells. Mr. Smith had 50 percent to Mr. Berkman's 40 percent.

The Kitzhaber plan is an effort to to increase the number of people eligible for medical care at public expense by restricting the types of services they can get.

Quote/Unauote

President Bill Clinton, addressing pupils at a middle school: "No one is entitled to instant gratification all the time, to get what they want when they want it, right now. You have to be willing to pay the price of time."

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Prince bus station to go back to their homes in Petit-Goava. Since Friday, the United States has repatriated almost 800 Haitians. crat of Ohio, the committee chair- ter is working on a hydrogen bomb. The Haze of Cigarette Smoke 'All Victims of Concealment,' Califano Says

By Marlene Cimons

Los Angeles Times Service
WASHINGTON — The secretary of health. education and welfare during the Carter administration has sold Congress that had he and other federal officials known more about secret tobacco industry research into the properties of nicotine they would have declared cigarettes addictive and moved to regulate them. "Unfortunately, we were all victims of the con-

cealment and disinformation campaign of the to-bacco companies." said Joseph A. Califano Jr., who once smoked as many as four packs a day but has since become an anti-tobacco crusader who calls tobacco "history's No. I serial killer."
Testifying before the House Energy and Com-

merce subcommittee on bealth and the environment, which has been conducting an extensive investigation of the tobacco industry, Mr. Califano on Tuesday described an intense debate in 1978 and 1979 over the government's role in regulating

He said Dr. William Pollin, then director of the National Institute of Drug Abuse, urged President Jimmy Carter's surgeon-general, Dr. Julius Richmond, to pronounce cigarettes addictive. But Dr. Richmond resisted, citing a lack of sufficient scientific evidence, Mr. Califano said.

"Since we knew that the tobacco interests would attack any report we issued, we believed it was imperative that we be on unimpeachable ground in all we said." Mr. Califano said. "1, therefore,

agreed with Dr. Richmond, and we decided not to declare that cigarettes were addictive."

The outcome of the dispute would have been industry added Mr. Califano, who now heads the Center on Addiction and Substance Abuse at Columbia University in New York.

In recent weeks, the growing debate over smoking has focused on whether nicotine is indeed addictive, as numerous medical experts have maintained, and whether the tobacco industry has been manipulating levels of nicotine in eigarettes to keep smokers hooked on its products.

Last month, chief executives from the seven

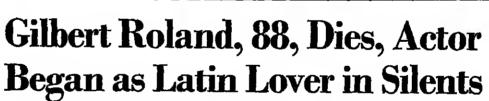
leading U.S. tobacco companies denied under oath before Congress that they had been deliberately increasing nicotine levels in cigarettes and insisted

that the substance is not addictive.

But decades-old documents from at least one company, Brown & Williamson, which were recently leaked to the press and to anti-smoking members of Congress, indicated that executives there believed as early as 1964 - when the first landmark surgeon general's smoking report was released - that nicotine was addictive. Moreover. other company papers show that the company had been working on developing a safer cigarette, although it never marketed one.

The subcommittee chairman, Henry A. Waxman, Democrat of California, has scheduled another hearing for Friday and has asked the Brown & Williamson chairman, Thomas E. Sandefur Jr.,

The company has elaimed that the documents were stolen and are protected by attorney/elient privilege. It has warned that quoting from them or discussing them publicly violates a court-ordered



UNWELCOME WAIT - Two of the 150 Haitians returned to their country by the U.S. Coast Guard waiting at the Port-au-

New York Times Service his career as a Latin lover in silent films and over four decades be-ruthless gangster in "My Six Con-came one of Hollywood's ablest victs" (1952). and most popular character actors, died of cancer Sunday in Beverly

Hills, California. Mr. Roland was a native of Mexico. His father, paiernal grandfa-ther and a great-grandfather were matadors, originally in Spain. A self-laught performer who in-

variably wore a trim mustache, he approached competition with both bulls and tennis players with equal skill and determination. He was also a favorite subject of society writers in the early 1940s, when he was married to the actress Con-

stance Bennett. Mr. Roland appeared in more than 100 movies, first as an extra or bit player, then as the debonair wooer of a generation of film god-desses and later as a stylish, with and authoritative featured per-

After serving in the U.S. Army Air Forces in World War II, Mr. Roland portrayed a Cuban laborer with a poet's soul in "We Were Strangers" [1949], a roue in a polo coat eyeing the nubile Marilyn Monroe in "All About Eve" [1950), a malevolent ranch-squatter in "The Furies" (1950), a kindly vil-

New York Times Service lage priest in "The Torch" (1950), Gilbert Roland, 88, who began an idolized matador in "The Bull-is career as a Latin lover in silent lighter and the Lady" (1951) and a

He was a sympathetic confidant to children in "The Miracle of Our Lady of Fatima" (1952), a womanizing actor in "The Bad and the Beautiful" (1953), a robust fisherman in "Beneath the 12-Mile Reef" (1953) and a skillful trapeze and high-wire performer in "The Big Circus" (1959).

Later, on television, he started in two long-running Westerns, "The Cisco Kid" and "The High Chapar-

Alfred O.C. Nier, 82, Atomic-Age Pioneer

MINNEAPOLIS (NYT) - Alfred O.C. Nier, 82, a physicist at the University of Minnesota whose early work on lead and uranium isotopes helped determine the age of the Earth and usher in the atomic age, died here Monday of injuries suffered in an automobile accident

Mr. Nier's career was built on a high-resolution mass spectrometer that he designed and built while serving a two-year postdoctoral fel-lowship at Harvard University beginning in 1936. With that device. he began a study of the isotopic the Greek capital.

nodic table. But it was his work on lead and the two main isotopes of uranium.

U-235 and U-238, that contributed to the development of the atomic bomb. Mr. Nier's research also led to a determination that the Earth is about 5 hillion years old.

Paul Shulman, 72, the former U.S. Navy officer who went on to become the first commander of the Israeli Navy, died of heart disease Monday in Haifa, Israel. Jacques Kosciusko-Morizet, 81.

a former French ambassador to the United States, the United Nations and the North Atlantic Treaty Organization, died Sunday in Paris. Alain Cuny, 85, a veteran actor

known for his interpretations of Paul Claudel and Shakespeare. died Tuesday in Paris.

Missiles Hit IBM in Athens The Associated Presi

ATHENS - Two anti-tank missiles hit the offices of IBM on Wednesday in central Athens. causing material damage but no injuries, the police said. The attack. by Markist terrorists, was one of a series in the last 45 days against foreign companies in and around

U.S. Vows to Cut Homelessness By One-Third

Los Angeles Times Service

WASHINGTON - The secretary of housing and urban develop-ment, Henry G. Cisneros, unveiled a new federal effort to combat homelessness and pledged that the Clinton administration would reduce the number of bomeless Americans by one-third before the end of its first term.

The administration contended in a report Tuesday that on any night in the United States, 600,000 people are homeless. In addition, 7 million people were without 8 permanent residence at some point between 1985 and 1990.

The administration promised to to give local governments more responsibility for creating comprehensive programs to establish emergency housing and to treat substance abuse, mental Ulness and other problems thought to be at the root of homelessness.

Away From Politics

• A Mexican zoo official caught in a sting operation in which an American agent dressed in a gorilla suit and thumped his chest has been found guilty in Miami of violating U.S. endangered species laws. Victor Bernal, 57, faces up to 17 years in prison and almost \$1 million in fines for trying to pay \$92,500 for a "gonila" that turned out to be a U.S. Fish and Wildlife Service agent in disguise.

 The talk show bost Phil Donahue cannot videotape an execution for television. North Carolina's highest court has ruled. Justice Sarah Parker, writing for the State Supreme Court, said neither the state nor U.S. Constitution gave Mr. Donahue or the condemned man the right to tape the execution. The court's vote was not recorded.

 A 9-year-old girl who did not like her teacher bribed classmates to blackmail him with false accusations of sexual abuse, the Chicago police said. She paid her classmates a dollar to lie, the police said. The teacher was cleared when the children gave inconsistent statements and two of them, including the ringleader, admitted that they had made the story up.

 Acting in fire case of a high school principal who allegedly made racially derogatory remarks, the Justice Department asked a federal court in Alabams to order school officials to explain why he should not be dismissed or reassigned. The principal at Randolph County High School, Hulond Humphries, threatened to cancel the school prom if interracial couples attended and said the child of an interracial couple was a "mistake," according to Justice motions filed in Montgomery.

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WASHINGTON - The blunt refusal of the United States to authorize the immediate dispatch of 5,500 United Nations troops to Rwanda reflects a new caution from a White House now determined to stand in the way of UN peacekeeping missions it regards as unwise, according to Clinton ad-

ministration officials. In insisting that a first-wave UN force in Rwanda remain more modest, the administration has made clear that it intends to apply its rigid new constraints on peacekeeping to all UN operations, not just the ones in which the United States might play a central role.

The American demand that more planning be done before a

angered some other nations, which UN will be able to do the joh." Ms. see speed as essential if the United Nations is to help end six weeks of tribal massacres that have left tens

of thousands of people dead. But after a year of setbacks for the United Nations in Somalia and other trouble spots, President Bill Clinton's top deputies said Tuesday that it was essential to prevent the United Nations from overreaching now in Rwanda and risking what credibility it retains.

In testimony before Congress, Madeleine K. Albright, the U.S. chief delegate to the United Nations, insisted Tuesday that itwould have been "folly" for a UN "maelstrom" in Central Africa.

Albright told a House Foreign Affairs subcommittee.

She said the administration's insistence that the United Nations prepare more detailed plans before a hrigade-sized mission is sent to Rwanda represented the first test of "presidential decision directive issued by Mr. Clinton earlier this month, which calls for new U.S. prudence in peacekeeping.

In a sign of new caution about humanitarian intervention, not one member of Congress countered that the United States had a moral imperative to take action. Even with new reports of killings emergforce to venture quickly into the ing from Rwanda a senior adminmaelstrom" in Central Africa. istration official defended as appropriate the painstaking U.S.

In her testimony, Ms. Albright told Congress that the United States believed that the peacekeep-ers could play a useful role in Rwanda and would be ready to agree to a large mission. But she said the administration had believed it vital that Mr. Butros

Ghali first win firm commitments from troop-contributing nations, gauge the response of Rwanda's warring factions, and spell out more clearly what the UN peace-keepers could do and how they could eventually be withdrawn. As an alternative to Mr. Butros

approve a larger peacekeeping force also reflected a disagreement

with the UN secretary-general, Bu-tros Butros Ghali, who has recom-

mended that UN troops be sent

directly to Kigali, a step the United

States regards as unwise.

Ghali's plan to send all 5,500 UN troops directly to Kigali, the United States favors a strategy that first would deploy them along Rwan-da's southern and western borders, well-disciplined force is less likely where American officials believe ci- to be "used indiscriminately," he vilians may be in greatest peril. Only later under that "cutside

in" approach would the bulk of black generals on merit in the UN forces be moved toward the white-led. 70,000-member army. capital and the Rwandan interior. navy and air force.

Rwanda Stand Reflects New U.S. Caution No Threat full-scale mission go forward has angered some other nations, which when we do turn to the UN, the angered some other nations, which UN will be able to do the job." Ms. approach even to playing a secondary role in a UN response. States agreed to support only the immediate dispatch of an 850-member Ghanaian force to the airport in Kigali, the Research In a Revolution' for the British,

port in Kigali, the Rwandan capital, and the transfer of 150 UN lic declaration of loyalty, South Afmilitary observers to positions in onlying regions.

On Tuesday, administration offiWednesday to their new black pocials admitted that their refusal to litical leaders.

It was the most striking sign yet that the old apartheid state's war machine is fully under the com-mand of onetime black outlaws who now run the country.

The assurance came from General Georg Meiring, who heads the renamed South African National Defense Force, which is integrating former guerrillas with regular troops over the next three years. A counterinsurgency expert and

once-dedicated foe of the now-governing African National Congress, the general told the Sowetan, a black newspaper, that the military was not "a threat" to President Neison Mandela's government. "As long as there are men with

weapons in their hands, there will

always be a danger that they will use them in an undisciplined way." General Meiring told the paper. Asked if the defense force would he a threat to Mr. Mandela's fledgling government of national unity,

He also promised there would be

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TOPICS

Higher Education Gains Ground

As hundreds of thousands of students prepare

for the examinations that are a spring ritual in

Britain, policymakers are grappling with a surpris-ing trend: Most 16-year-olds will not abandon

their books when the tests are over and compulsory

Postsecondary education, once the pursuit of the

privileged few, is expanding rapidly in Britain, reports The Washington Post.

"Years ago, nothing but a handful went to college," said Mike Read principal of the Geoffrey Chaucer School in London's tough Southwark neighborhood. "The vast bulk went into jobs.

Now, Britain is beginning to abandon long-standing practices that led to underachievement, a poorly skilled work force and a society divided by

percent of 18-year-olds entered a university. To-

day, almost three-quarters of the country's second-ary school graduates stay on for at least another

year, and 31 percent opt for a university degree.

For many years after World War II, most teen-agers left school at 15, and university spaces were reserved for a social and professional edite. "It's a revolution," said Sir John Cassells, direc-

tor of a national commission that has proposed

The impact of the boom is evident throughout

society, as students postpone earnings, schools break ground for new dormitories, employers seek older, more qualified workers, and politicians con-

sider how to pay for a mass education system like

that long enjoyed in other industrialized countries.

There was no future in them, though."

the aspirations of its people.

radical changes in education.

schooling officially ends.

Handicapped Swiss men are planning a new cam-poign in Parliament against a special tax levied against all men who do not serve in the military. The German weekly Focus tells of a man named Franco who is unable to serve because he is only 1.3 meters (4-fect-4) tall, but who must, nonetheless, pay 3 percent of his income each month. The law applies to all the 430,000 Swiss men, through age 51, whose mental or physical handicaps prevent them from doing military service. The state collects some 120 milion Swiss francs (\$85 million) through the tax each year.

France's urban elite is attracted to its own kind, more than ever in this century. Two young social researchers, Cyril Grange and Luc Arrondel tracked the marriages of thousands of people listed in the Bottin Mondain, a sort of Who's Who of the French sorial dita from 100% to the present. There French social elite, from 1903 to the present. They found that among sons of urban couples in the directory, 82 percent marry daughters of couples in the book; for daughters of such couples, the figure the book; for daughters of such couples, the figure was 72 percent. The numbers were up from 79 percent and 60 percent in the 1950-1969 period, reports the weekly Le Point. Outside the cities, the figures were much lower: 22 percent for boys, 15 percent for girls. The single factor that most increased chances of an "inter-Bottin" marriage was the father's marriage in the necessition. the father's membership in the prestigious Saint-Cloud golf club; having a father who was an artist, architect or journalist considerably lowered the In 1988, when the surge in postsecondary enrollment began, fewer than half of all 16-year-olds continued in school or in training, and only 15

> Twenty-two years after it opened as the site of some of the world's most striking architecture. Olympic Park in Munich is falling apart. Recently, a 500-kilogram (1,100-pound) section of concrete facing fell off a building and landed in a parking lot near Barbara Rode, one of the 12,000 tenants of the complete a parking to the conclusion. the complex's apartments. There are hundreds of such slabs in the park; some weighing 2 tons. Residents also complain of crumbling roads and sidemalis. The company managing the city care 20 sidewalks. The company managing the site says 30 million Deutsche marks (\$18 million) has been spent on repairs; it's estimated that 50 million DM more will be needed.

> > Brian Knowlton

Fraud Charged in Dominican Vote

can Republic - Tensions mounted here on Wednesday as vote count-ing for elections held Monday neared its end amid charges by the main opposition party that sup-porters of President Joaquin Balaguer Ricardo had rigged the process in his favor.

With more than three quarters of the vote counted, Mr. Balaguer called himself the "virtual winner." even though only about 38,000

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By Howard W. French Jr.

New York Timer Service
SANTO DOMINGO. DominiSANTO DOMINGO. Dominiseventh term in office.

As Dominican Army and police units stepped up patrols in the capital, performing spot inspections of many vehicles to search for arms. Mr. Peña Gómez, 57, appeared on television here to denounce what he said was a systematic electoral fraud aimed at blocking his victory. "They are trying to trick us," he

The leader of the Dominican Revolutionary Party said he was preparing to sue electoral officials over their handling of the vote and would demand a "ballot by ballot"

In a critical appraisal of the elec-tions, Stephen J. Solarz, a former

The elections have come under special international scrutiny, in part because of the Dominican Re-public's role in the political crisis in neighboring Haiti. Diplomats say that Mr. Balaguer, 87, who has long had strained relations with Haiti's exiled president, the Reverend Jean-Bertrand Aristide, has done little to enforce international sanc-

Brooklyn representative who led an American observer delegation here. said thousands of Dominicans had

been deliberately excluded from

tions aimed at forcing the Haitian

military to relinquish power.

this year.

THE APPOINTMENT

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In a Final Cascade of Stones, Israelis Quit the Gaza Strip

By Clyde Haberman New York Times Service

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GAZA — Relieved about laying down the hurden but nervous about what lies ahead, Israel completed its army's withdrawal on Wednesday from Palestinian towns and refugee districts in the Gaza

Strip.
With the soldiers' departure, under a final cascade of stones and jeers from young Gazans determined that the Israelis would be chased out. Palestinian self-rule went fully into effect, as it did days ago in the West Bank town of Jen-

It does not mean that Israeli forces will disappear here. Israel's agreement on self-rule with the Palestine Liberation Organization allows troops to remain at the borders and in huffer zones around Gaza's 19 Jewish settlements - areas that, combined, make up more than one-third of the coastal strip.

But for the first time since Israel took control after its victory in the 1967 Middle East war, most of the 800,000 people in Gaza's cities and camps are free of Israeli soldiers in not in a dignified march. their daily lives.

The end to the 27-year occupation "corrects a tremendous mis-take," Foreign Minister Shimon Peres said.

The commander of the new Palestinian forces. Major General Nasser Yousef, asserted that although Gaza was not yet fully free of the Israelis, "It is on the way to

When the Israelis acknowl- over.

edged that this land belonged to the Palestinian people, it meant they estinians celebrated with cheers, illegal." General Yousef said at a

"This is a transitional period," the general said. "But finally they will leave - settlers and forces."

Anticipating the imminent end to its occupation, Israel began moving equipment out of Gaza many weeks ago. Last week. it started withdrawing soldiers in piecemeal fashion, abandoning one or two outposts at a time and always at night, to avoid rocks and bullets as much as possible.

For the most part, the bit-at-atime transfer of authority went smoothly, with the Israelis pulling out of bases and Palestinian forces moving in within minutes by prior

But on the final night, stretching into early Wednesday, hundreds of Gazan youths gathered at the few remaining army outposts to make clear that the last Israelis in Gaza City would be leaving on the run.

These children of the intifada, as their anti-Israel uprising is called in Arabic, did what they have done every day for years: They pelted the soldiers with stones. And the Israelis responded in

familiar fashion, with volleys of tear gas that sent acrid fumes drifting across the city one more time. Well before daybreak, it was

The soldiers were gone, and Palknow their presence on this land is hugs, tears and automatic rifle fire - long hursts into the air by freshly arrived police officers and by armed young men who form militias that the new authorities must rein in. So many bullets were fired that one commander said his forces had exhausted most of the ammu-

> from Egypt and Jordan. Gaza is the key to success or failure, Palestinians and Israelis agree, and security will be a central issue. One test will be what happens to the roughly 5,000 Jewish settlers who stay behind.

nition that they brought with them

On Thursday, Israeli and Palestinian forces are scheduled to begin joint patrols on several main roads, including those connecting settle-ments to Israel. The difficulty of their task was underlined when Palestinian gunmen ambushed and wounded an Israeli who was driving to the Netzarim settlement, a small enclave just south of Gaza city that is isolated from the major bloc of Jewish communities on the Mediterranean coast.

As for the militant Islamic group Hamas, a rival for power and a firm opponent of peace talks with Israel, eneral Youses said that he had met its officials and foresaw "no problems" with them or with their armed wing that is responsible for many lethal attacks on Israelis.

"Hamas is a part of our nation," he said, "They are brothers."

After the meeting, a spokesman for the Syrian president said that tween Syria and Israel.

According to officials, Israel has

MARKETS: Calm Returns After Fed Increases Rates eight years and is demanding in return peace and normalized rela-

Continued from Page 1

rates and repeat the one-two punch

that strengthened the dollar earlier

Furthermore, Treasury Secretary

Lloyd Bentsen upped his hand when he disclosed Wednesday

morning on the front page of The

Washington Post that he had

played tennis with the Federal Re-

serve chairman, Alan Greenspan,

on Sunday and told him, "I didn't

want to get into a Chinese water

This was music to the ears of the bood market, which has been pleading with the Fed to abandon

its tortuous process of tightening

and administer all its medicine in

one dose. The administration of

that dose was bad news for dollar

"The government bond market is

lorture on interest rates."

elear during the trip that they are completely behind Israel's call for a full peace and normalization with Syria. In a speech in Washington on Tuesday, W. Anthony Lake, the national security adviser, said the administration insisted on "a real peace," which he said must include full diplomatie relations, open borders for people and trade, and promoting joint economic projects.

United States is committed to con-holders because it meant there was tributing troops to a proposed in- no more immediately available. tration would provide equipmen

Earlier, officials involved in the mediation between Israel and Syria, said Damascus had shown a The visit never took place, but to keen interest in an Israeli offer for a

appearances" out of areas to be stalled on the plateau, and a demilivisited, and installed glass panes in tarized zone extending to

to put in putty; the panes were held topher's return to Damascus after

Beijing No. 2 Prison was sup-ternational monitoring presence That sent money into other mar-posed to be a showcase for an in-that would patrol the Golan kets looking for volatility that spection in January hy the Interna- Heights after an Israeli withdrawal. could bring quick profits. tional Committee of the Red Cross. He also suggested that the adminis-

ons with that group. The talks are for an electronic early-warning sys-aimed at showing the Clinton administration that China is making Golan Heights, which Israel capprogress on the humanitarian treatment of its prisoners, another of the buman rights conditions linked to

thorities ordered prisoners to buy peace. new bedsheets, moved sick prison-ers and those with "unattractive itors and electronic devices inthe windows, which are normally neighboring parts of Syria, the offi-blocked with paper in winter. The blocked with paper in winter. The glass was installed so hastly, the report said, that there was no time able interest, prompting Mr. Chris-

Continued from Page 1

conditions. He cited the recent United States curbing prison labor exports and the recent easing up hy

The White House said Wednes-day that limited sanctions were among the options that should be considered. "Certainly those are of his secretary, Tong Yi, press among the questions that would charges of adultery against him, dissidents said. Miss Tong is also in quoted the White House spokes-

tember after 14½ years in prison made;" she said. "We're reviewing for his pro-democracy activities. He ignored police orders to stop his that's been made, and the president

ing some hits from editorial writers. still had to be made about the conditions that will be attached to that renewal, and that that would depend in part on what the Chinese do in the next few days.

dent renew China's trade status across the board, but couple it with political and diplomatic initiatives that would underscore a continued American commitment to human

trade threat ritual behind him wing in Congress argue that the They say that would be worth takgesome hits from editorial writers. trade status with certain excep-But officials said that a decision tions. They contend that it would on his China policy.

ly and to create a bilateral commis-

Christopher Reports No **Progress** On Golan

By Steven Greenhouse New York Times Service

CAIRO - Secretary of State Warren M. Christopher ended four days of intensive diplomacy between Syria and Israel on Wednesday, saying that no breakthrough was in the offing and that the parties were not ready to resume faceto-face talks.

Mr. Christopher said the two longtime antagonists preferred to continue with the current format of indirect talks in which he serves as intermediary and hops between the two countries. Several officials said Mr. Christopher would probably would return to the Middle East in the middle of June to push the Syria-Israel talks forward.

Mr. Christopher flew from Israel to Damascus, in his second trip there in four days and met for more than four hours with President Hafez Assad. Mr. Christopher then flew to Cairo to talk with President Hosni Mubarak of Egypt about the Syria-Israel talks and Palestinian self-rule in parts of the occupied territories. Saying he did not want to breach

the confidence of Israel or Syria, Mr. Christopher refused to say whether there was any progress in his talks with Mr. Assad.

major differences remained be-

proposed a three-stage withdrawal from the Golan Heights in five to

American officials have made

Mr. Lake also said Washington would help ensure that Israel would remain secure after a peace agreement with Syria. "The United States stands ready to participate in the security arrangements that the parties negotiate," he said. Mr. Lake made it clear that the

tured from Syria in 1967. prepare for the visit, prison au- three-stage pullout in exchange for

Syria responded with consider-

Mr. Arafat kissing a spectator Wednesday in Oslo after paying tribute to Norway's peace role.

not stay calm is the dollar," said Jay Goldinger of Capital Insight in

Los Angeles. "A lot of money now

is going into currencies, commod-ities and the oil market. Everybody

is showing up at the poker table and boasting he has a full house,

hut I'm not sure anybody does.

That's what we'll find out in the

In Europe, investors have been

so badly burned this year by the poor performance of bonds and the

dollar that they are not rushing back into Wall Street. "For the dol-

lar to advance, you need to have

investment flows into dollar assets,

and that is not yet happening." Andres Drobny of CS First Boston in London said.

Mr. Rolley of DRI/McGraw

ment money has also been leaving stand.

markets themselves."

tired, and the only reason it may Wall Street for Europe. The busi-

ness cycle in Europe is finally turning up while the U.S. recovery no

longer has last year's head of steam,

largely powered by an unrepeata-

hle cut in mortgage rates and catch-up automobile buying aided by low

Indeed, John Smith, president of

General Motors, said Wednesday

Three auto companies have just started to raise prices to capitalize

away from the Fed for the time

being. David Resler of Nomura Se-curities forecast that the United

on the past year's car boom.

low-inflation growth.

auto loan rates.

JIHAD:

A Clarification

challenges we are facing."

the peace process.

Continued from Page I

achieve real peace, in spite of all the

Earlier, Mr. Peres vowed that

"no act of terror, no action against

us, will charge our course" toward

achieving peace across all the re-

gion, and thanked the Norwegian

people for beloing to "navigate"

President Carter had invited Mr.

Peres and Mr. Arafat to Oslo to

join ceremonies organized by Car-ter-Menil Human Rights Founda-

tion, which this year chose to honor

the people of Norway for its leader-

ship and commitment toward

peace in the Middle East.
As a gift to Norway, Mr. Carter

unveiled a monument by the late

American sculptor Tony Smith.

The sculpture, a stark black arch

entitled "Marriage," is situated on a hill above the Oslo harbor.

of Applied Social Science, the Nor-

Laier, Mr. Carter presented a traffic check for \$100,000 to the Institute and a

wegian organization that fostered at least 14 rounds of secret negotiations between Israel and the PLO last year, along with Norway's foreign minister at the time. Johan Jorgen Holst. Mr. Holst died this year after suffering a stroke. Mr. Carter said he had been

"somewhat embarrassed" last Sep-tember that the Norwegian offi-cials had not been singled out for more praise, when President Bill Clinton gathered world leaders on the lawn of White House for the signing of the Israel-PLO accord.

■ U.S. Reminder to Arafat

The U.S. State Department said Wednesday that Mr. Arafat's call for a jihad to liberate Jerusalem was inconsistent with commitments he made in the September accord with Israel, Reuters report-ed from Washingtoo.

The State Department spokes-

man, Mike McCurry, said that Secretary of State Warren M. Christo-pher had instructed the U.S. m." ambassador to Norway to seek an ing" immediate elarification of the re- remarks from Mr. Arafat. The secretary of state "believes . 1

that the Fed's higher interest rates would probably slow GM sales. That, of course, was exactly what the Fed had in mind, since the Big that the comments attributed to 10-Arafat were inconsistent with com- ast mitments made by the PLO to both Israel and the world community" in the Declaration of Principles signed on Sept. 13, Mr. McCurry said in a written statement.

Attention will probably shift In the agreement, the Palestine Liberation Organization agreed not to use violence or terror, but to negotiate peacefully on the future States now "will enjoy moderate, status of Jerusalem, which Palestinians want as their capital "As the process of implementa-

Hill pointed out that Japanese money is coming home from from Wall Street to help Japanese comtion goes forward, it is essential entire that Chairman Arafat live up to panies reliquely, and that invest- in a way the market can underthese solemn commitments,"



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effort to narrow the gap before the next Group of Seven summit meet-"We don't put any time limits,"

ary," he added, referring to the summit meeting at that time be-tween Mr. Clinton and Prime Minister Morihiro Hosokawa But Mr. Kantor told Blonmberg

Continued from Page 1

that there was no U.S. deadline for completion of the trade talks.

he said. "It's not productive." His remarks and those of Mr. Summers came a day before a scheduled meeting in Washington of senior American and Japanese ward satisfying at least some of Washington's desires.

TRADE: Easing Up on Tokyo? U.S. Aides Say 'No'

trade, Sozaburo Okamatsu, is exleft unresolved in February by Mr. Clinton and Mr. Hosokawa, An

trade officials. The talks could produce fresh movement by Tokyo to-

The meeting, between Mr. Kan-tor and Japan's vice minister for pected to take up issues that were

ing would be likely. Leaders of the seven leading industrial nations are to meet in Italy in July. According to accounts reported

Tokyo but not independently confirmed, the Japanese team may be ready to accept specific targets in government procurement.

Mr. Summers said Wednesday that many people were under the impression, incorrectly, that Washinglon wanted "hard numerical targets" in nongovernment trade sec-The Japanese daily Nihon Keizai

Shimhun reported that Japanese negotiators were expected to propose serving "some criteria" to gauge Japanese government procurement of various products, according to Agence-France Presse. Foreign Minister Koji Kakizawa

said earlier this week that Japan "might show some numerical gauges over government procure-ment," the agency said.

ARRESTS: 500 More Held Than Previously Known Continued from Page 1 writings and meetings with foreign reform camp in the nearby port of ing, the report said. China may still

The report said that a 50-year-

old man serving a 16-year sentence at Beijing's No. 2 Prison for "coun-

terrevolutionary arson" inserted a note into a package of latex gloves for export last September. He was

discovered by another prisoner, placed in a solitary confinement,

and beaten repeatedly by guards

using electric batons, the report

port are all in Beijing No. 2 Prison, where many political prisoners are held, and Qinghe Farm, a labor-

The prisoners detailed in the re-

In the report, the two rights groups said China was still using political prisoners and common hold thousands of other prisoners' nationwide. The Chinese authorities have reported that more than criminals to prepare latex gloves for shipment to the United States 3,000 prisoners are serving senand elsewhere. Mr. Clinton has said that China must stop its ex-ports of prison-labor goods to the crimes, a term usually applied to political prisoners. President Bill Clinton is expect-United States if the trading status is to be renewed.

ed to announce his decision next week on whether to renew China's "most-favored-nation" trade status, which allows imports into the United States at the lowest possible tariffs. Mr. Clinton has said be will not renew the status unless China has

made "significant, overall progress" in several rights areas, including the treatment of political prisoners. But the administration is under increasing pressure from the U.S. business community and some members of the Congress to renew the trading status without condi-

Despite some recent releases of political and religious prisoners, human rights groups say, the overall rights situation has deteriorated significantly in the last year.

According to one published re-

port, the government is preparing to charge China's most prominent political dissident, Wei Jingsheng with treason. The Foreign Ministry called the report a "sheer fabrication." The government has been investigating Mr. Wei for unspecinised "new crimes" since taking him dismiss as symbolic gestures at best the administration appeared to the administration appeared to

lop human rights official in February and urging him to tell Mr. Clinton to pressure China on human ditions. rights. The authorities have also sought to portray Wei as a man of loose morals. They tried unsuccessfully to have the estranged husband police custody.

Mr. Wei was paroled last Sep-

RADIO: U.S. Highlights a Beijing Gesture on Rights

largely met these two "mandatory" agreement between China and the

Beijing on certain dissidents.
In disclosing this progress —
which many human-rights groups rective, Mr. Wei is in trouble for meeting the State Department's lop human rights official in Table. decision by the president to renew China's trade benefits by the June 3 deadline, with a few symbolic con-

woman Dee Dee Myers, as saying.
"No final decisions have been

nouncement soon "1 coming to the conclusion that the Democrat of Washington, who orpublic would easily accept a deci- ganized the letter. sion by the president to renew the trade status and to put this annual and among the liberal Democratic

Some advocate that the presi-

will have a final decision and an- sion with Beijing 10 address human-rights issues, according to Many top officials seem to be Representative Jim McDermott, Others in the State Department

The betting in Congress is that Mr. Clinton's final decision will be a blend of these two approaches. That is, he would renew China's trade status, and couple that with a call for the creation of a bilateral human-rights commission with ghts.

Beijing, a voluntary code of con-duct for American companies do-House of Representatives, from both parties, wrote to Mr. Clinton symbolic economic sanction to acon Tuesday asking him to renew knowledge the fact that China has not fulfilled all of the administra-

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LIFE OF The Biog Digby C Harrima $B = Cur_{ext}$

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ing an h And yet age on Pam

Los Angeles Times Syndicate.

With the help of their secret agents in Berne, they have spread in Switzer-

land the report that, since the Armi-

stice, thirty-six Swiss have been im-

prisoned in Belgium, violently

1894: 'A Perfect Misery'

LONDON - William Cranfield, thirty-live, a one-legged organ grind-er, was charged at Lambeth yesterday [May 18] with having assaulted his wife. The prosecutrix said he re-turned home drunk, banged ber head and then kicked her. She jumped out of the window. Mr. Biron: "Has he thrushed you before?" Prosecutrix: "Oh yes! My life has been a perfect misery. He is a good husband when sober." The prisoner said he had great provocation. He could not have hurt his wife much as he had only one leg. Prosecutrix: "He has thrown his wooden leg at me many times." The prisoner was remanded.

BRUSSELS - The Germans, hoping that the choice of Geneva, as the seat of the League of Nations, would gencrate anti-Swiss feelings in Belgium.

attacked by the people in the Brussels streets, and brutally treated in jail. The incident shows that Germany. while begging admittance to the League of Nations, is still doing all she can to stir up international strife. 1944: Missionaries Die ALLIED HEADQUARTERS IN AUSTRALIA - From our New York edition: A Roman Catholic

aries were killed outright or died of injuries when Allied planes strafed a Japanese prison ship off the New Ginnea coast, it was asserted here today [May 18] by a Dutch priest, Father Willem van Baar, Superior in Australia of the Society of the Divine Word. His report was quoted in an official Netherlands and Netherlands Indies news agency bulletin.

Don't Leap Into Rwanda

The Clinion administration has rightly re- Tutsis in a civil war that resumed when the sisted a clamor for instantly expanding a minuscule United Nations peacekeeping force to halt the human carnage in Rwanda. An ill-planned military debacle might only deepen the conflict there and jeopardize peacekeeping missions elsewhere.

The United States did agree on Tuesday to a Security Council resolution that authorizes sending up to 5,500 blue helmets once Secretary-General Butros Butros Ghali reports back on these key matters; how such a force would be deployed and for what purpose: available resources; the consent of Rwandan factions to a United Nations presence; progress toward a cease-fire; how long such a UN mandate would last. The U.S. role would be solely logistic; there is no thought of commit-

ting American ground troops.
It is simple prudence for the United Nations not to leap into an empty swimming pool. However anguishing the slaughter, there is now no effective international force for ending it. As Madeleine Albright, the U.S. envoy to the United Nations, noted on Tuesday, peacekeeping operations are clumsy affairs that are li-

nanced and run by separate member nations. Rwanda's capital, Kigali, is now a battleground between a "government" led by ma-jority Hutus and a rebel army led by minority Rwandan president died on April 6 in a mysterious air crash. Reports of ethnic slaughter are horrifying and credible, but military facts are far from clear. It does seem feasible to move quickly to create safe havens for refugees near Rwanda's frontiers, and to send 150 UN military observers to determine where rival armies are deployed.

The UN resolution also calls for the immediate dispatch of a mechanized battalion of 850 peacekeepers from Ghana to reinforce the small UN contingent of 400 in Kigali and to maintain security at the airport. Sending the Ghanaians, who are among the best soldiers in Africa, can assure that the airport remains open to humanitarian agencies and offer some hope to thousands of Rwandans who have sought UN protection.

Doubtless these steps will not satisfy human rights groups that appeal for major international action to save lives and prevent ethnic slaughter. But to enter this conflict without a defined mission or a plausible military plan risks a repetition of the debucle in Somalia. If the United Nations' reach once again exceeds its grasp, as Madeleine Albright warns, "we will only further undermine UN credibility and support."

- THE NEW YORK TIMES.

Prudent Money Policy

one. The increase by half of one percentage point was twice as high as many economists believe is warranted. Yet in an uncertain economic environment, the Fed's decision is a defensible move to ward off future bouts of inflation and bring order to volatile currency

and financial markets. Some will criticize the Fed's move as an unnecessary blow to economic growth. Others will say it should have raised rates even higher. The squabbling reflects disagreement about the best way for the Fed to set monetary policy in order to achieve steady growth with-out igniting inflation. The Fed's effort since February to nudge interest rates higher one step at a time is within prudent guidelines.

The economy is moving along at a 3 or 4 percent annual clip. Growth puts upward pressure on interest rates as businesses borrow money to expand capacity, If the Fed were to keep interest rates low, it would have to pump more and more money into the economy to satisfy the demand for loans - a misguided policy that would stimulate an economy that is already growing and thereby trigger higher inflation.

But how high should the Fed set short-term rates? The arguments for steep increases in-

The decision by the Federal Reserve to clude steady growth, falling unemployment raise short-term interest rates surprised no and factories operating near capacity. By the end of the year, unemployment is expected to drop well below 6 percent, a range that could ignite wage and price inflation. To keep that from happening, the Fed has to start now to

rein in the money supply. On the other hand, unemployment remains above 6 percent, retail sales are lagging and there is no current evidence that inflation is rising. The Fed has thus been forced to choose. Should it keep rates low, thereby risking rapid growth, rising inflation and a day of reckoning when it might be forced into a clampdown that could send the economy into a tailspin? Or should it lift rates, risking a

slowdown in economic activity? The Fed chose the latter course - and the reaction in financial markets was favorable. Banks raised their prime rates, the basis for many consumer loans. But long-term rates in financial markets tumbled. Apparently traders decided that the Fed's decision proved that inflation would not creep higher. They thus bid down long-term rates, which incorporate their expectation about future inflation. The Fed's three previous rate increases did not turn the economy sour. Nor, judging from Tuesday's market reaction, will the fourth.

- THE NEW YORK TIMES.

Waiting for Damascus

Secretary of State Warren Christopher gave a useful boost to the new Palestinian autonomy regime by traveling to Jericho and resting his security briefly in Palestinian hands. From this point on, however, such symbolic gestures are bound to play a diminishing part. The process of building an administration that its builders hope to turn into a state shifts ever more responsibility into Palestinian hands. Expanding contacts between Israelis and Palestinians will be the medium of their further mutual progress. Others can assist but, increasingly, only at the margins. In matters lying between Israel and Syria, however, things are different. There, in the absence of real contacts and some confidence, the United States has a mediator's role. Mr. Christopher is working at it this week. He has been presenting a newly elaborated Israeli position and trying to elicit a Syrian response. If the exchange starts to warm, he could help the

parties bridge the inevitable gaps.
For months Prime Minister Yitzhak Rabin had been saying that Israel had to digest the Palestinian accord first before moving on to the tough but central Syria case. Now Israel bas done that digesting - despite the slaughter of Arabs at Hebron, despite the killing of Jews in the West Bank and Israel proper. On Tuesday there were more deaths. But Mr.

Rabin has indicated important new flexibility on questions of territorial withdrawal and abandonment of Israeli settlements in the Syrian Golan. He has set aside an earlier limited negotiating formula, which got nowhere, and transmitted to President Hafez Assad a strategic "package" on withdrawal, peace, security, timing and phases. Mr. Rubin means to draw the Syrian leader into a full dialogue on the issues that matter most to them both. Israelis are waiting for a "click" of

Syrian response to that whole package. Dialnage with Israel is not what you would call Mr. Assad's natural mode. He is more comfortable with terse minimal exchanges filtered through a third party on points principally of interest to Syria. It is not at all clear that it means more to him to play the nationalist and reclaim the Golan than to play the militant and keep using the territory as an issue demonstrating Syria's anti-Israel deliance.

But Mr. Assad knows Mr. Rabin as the Israeli with whom he negotiated a solid and strategically beneficial disengagement accord 20 years ago. He can see the region and the world changing, not necessarily to Syria's advantage. He knows, or ought to, that if Syria does not grab the ring this time around, no one

can predict when it will come around again. - THE WASHINGTON POST.

Other Comment

The WEU Is Still in Limbo

The Western European Union's decision to admit six East European countries and three Baltic states as "associate members" is notable more for the defense grouping's own future than for any solace it might offer countries vainly knocking at the doors of the North Atlantic Treaty Organization for full membership. The truth is that the WEU. formed in 1954, has until recent years been a largely forgotten organization.

Before the European Community - the present European Union — discovered its own inadequacies in the killing fields of the former Yugoslavia, dreams of a potential European superpower in the post-Cold War world went hand in hand with a commensurate defense arm provided by the WEU. The United States and Britain looked to the

union with some suspicion, because they felt it would be at the expense of NATO, The Clinton administration has taken a more positive line and agreed at a summit meeting in January that the WEU could undertake military operations on its own in situations in which NATO did not want to involve itself, using NATO infrastructure. The French-German Eurocoros is another nascent concept which could be expanded to provide the sinews of a future European defense arm.

Still, the WEU remains a symbol and has yet to emerge out of its shell. The fault lies with the member states of the European Union and the lack of a clear definition of future goals. For the WEU remains hostage to lack of consensus and disagreements on what the future Europe should be.

- Khaleer Times 'Duban



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The Way Ahead for China: More Change, Sustainably

B EIJING — China's economy has grown at an average annual rate of 9 percent since 1978. Per capita incomes doubled in the decade to 1987. This is an accomplishment that took the United States about 50 years to achieve, and Japan almost 35 years, during their rise to industrial majurity.

China's annual exports increased by an average of around 17 percent from 1979 to 1992. Last year China attracted about 40 percent of all foreign direct investment in the developing world. By any economic vardstick, these are phenomenal achievements.

From the outset, however. Chinese leaders have had a clear vision of development as something that cannot be measured solely in terms of money. Improvement in the quality of the lives of the people has been a priority. Progress during the last generation has been dramatic. Life espectancy has doubled.

Infani morality has fallen by 75 percent, and adult illiteracy by almost two-thirds. Since 1978, an estimated 170 million people have been lifted out of absolute poverty. Few societies in history have made such sweeping progress in so short a time.
Underlying this achievement has been a

carefully managed evolution from a planned to a market economy. In the past 15 years China has expanded the role of markets and the scope for competition in the domestic economy. From 1979 to 1985, this led to the fastest-ever sustained growth in agriculture. China has opened its economy increasingly

to the outside world. This has brought in large-scale foreign investment, introduced new technology, management systems, and international quality and cost standards. leading to a more than sevenfold expansion in exports since 1978.

China has promoted entrepreneurship in small enterprises in rural areas. They now account for a third of all exports, a quarter of industrial output and about 90 million jobs, Despite these impressive advances, much remains to be done to complete the transition and to realize China's vision of a "socialist market" economy - a concept which involves not only continued growth and a strengthening of exonomic and financial in-stitutions, but also steady improvement in the quality of people's lives. This vision can be realized only through a determined effort to manage the forces of change and make recent

By Ernest Stern The writer is managing director of the World Bank. This is the first of two articles.

Three major elements will shape the future; the external environment domestic

challenges, and ensuring the quality and stability of growth. The global economy is undergoing fundamental changes with the increasing integration of capital and other markets; the revolution in economic management that emphasizes private sector approaches; global and

instant communications and access to data;

rapid technological progress transcending na-

China has long been a center of civilization. Now it is also being looked upon as a potential center of economic gravity. It is thus time for China not just to respond to external conditions, but to help shape them.

tional boundaries: and the general lowering of trade barriers that culminated in the recent

signing of the Uruguay Round agreement.
The relative position of East Asia and China in the global economy is also changing fundamentally. The exports of the United States, Japan and the European Community to East Asia increased by 35 percent from 1988 to 1991. The value of East Asia's annual imports, more than \$800 billion, exceeds that of the United States.

But it has been intra-regional trade, strongrelated to joint venture investments, that has been growing most rapidly. It expanded by 72 percent in the four years to 1991.

East Asia has the potential to become one of the major growth poles of the global economy by the year 2000, China's performance will be a factor. What China does, therefore, makes a big difference to the rest of the world.

In the sweep of history, the country has long been a center of civilization. Now it is also being looked upon as a potential center of economic gravity. It is thus time for China not just to respond to external conditions, but to help shape them. Two areas are particularly critical: trade and investment.

On trade, substantial progress bas been made in recent years, and both imports and exports have grown rapidly. Nevertheless, China's tariffs and quantitative restrictions remain among the highest in East Asia. The time is ripe to launch a bold program of import liberalization that assures a steady reduction in quantitative restrictions, consolidation of tariffs into fewer categories at lower

rates, and a simpler customs administration. This further opening up would contribute to making China a full member of the international trading community. It would also benefit domestic consumers by gradually introducing competitive pressures for quality at lower prices. Moreover, greater openness will generate greater employment.

China has been an attractive destination for foreign capital in recent years. Net direct ivestment from overseas in 1993 amounted to \$20 billion. But, as other countries bave discovered in the past, some of those flows can be volatile. Steps must be taken not only to ensure that China's investment climate remains competitive, but also to encourage high-quality investment, to support improved technology and financial services, for example. That kind of investment will facilitate China's "hookup" to the global economy and enhance its leadership role.

The second major force of change is the special problem that all large nations with many different regions and constituencies face. A balance has to be found between economic growth and equality of opportunity; between local interests and national interests; between rural and urban needs; between centralization and participation.

To be competitive in the global arena requires agility. This in turn requires a large degree of decentralization, private initiative and strong institutions so that the country is diverse and flexible and can react to change with minimal disruption. It also requires a framework of incentives, regulatory supervision and taxation that can ensure fairness and equity. Building that capacity requires contin-

uous investment in learning and broadening participation in economic decision-making. The quality and stability of growth is the third element that will shape China's future.

While recent economic expansion has while recent economic expansion has been spectacular, it has taken place against a background of severe imbalances among regions and income groups, rapid changes in relative welfare among people and regions, increasing environmental destruction, and periods. bouts of high inflation. In addition, Chinase very high growth rates have been largery high result of very high investment rates. Make underlying issues of productivity improved in the require to be addressed.

ment remain to be addressed.

We know from worldwide experience that: macroeconomic instability impedes the nice mentum of reform, heightens income dispurand international confidence in the economic This makes the cyclical pattern of China-growth, particularly the recent intenses heating, a matter of serious concern.

Despite the government's adoption of consi rective measures last summer, inflation in major Chinese cities reached around 20 percent in 1993. The crucial challenge nowards complement the government administration measures already adopted with more maker ket-based instruments and reforms that care promote long-term stabilization.
Such reforms would include improving a

cal and monetary discipline; expeditional strengthening the independence and author ity of the central bank; assuring that the banking system operates on a communica-basis in the allocation of credit and manage ment of portfolios; restructuring the tax sy tem, particularly the fiscal relationships b tween the central and provincial authority and strengthening regulatory frameworks; create more transparent rule-based systems. These measures would help to minigate the

immediate overheating problem, improve demestic resource allocation and encountries continuing flows of capital into Chine. The will also belp to lay the foundations of the modern economy, increase productivity and build the flexibility needed to adjust quickly to changing circumstances.

State enterprise reform is another area to

quiring urgent attention.

This comment was adapted by the Interne al Herald Tribune from an address last week a an internal trionne from an an application of the future of China's economy, organized by the Herald Tribune and China's State Commission for Restructuring Economic Systems.

In Britain, Too, a Centrist-Inclined New Generation on the Left By Jim Hoagland and economics, are termed "modern-

ONDON -- What Bill Clinton be gan in America. Tony Blair and his centrist allies in the Labor Party These centrists advertise their benow have a chance to complete in lief in change, private enterprise and Britain. They could achieve a trans-Atlanue generational change that would transform politics and policies in both countries and perhaps in the Atlantic alliance.

The sudden death of the Labor leader John Smith last week and the opening of a contest of succession have turned the British political landscape into a scene that closely resembles America, circa 1992:

achievements sustainable.

Tired, visionless incumbents exhausted by a long run in power face inexperienced challengers hungry to win and wired into the new, freefloating concerns of the electorate. Voters may well confront a choice between inexperience and exhaustion when they go to the polls here, too, That at least is how the contest will look if Mr. Blair, 41, the talented and disciplined odds-on favorite to suc-

ceed Mr. Smith, wins Labor's leader ship contest this summer. As Mr. Clinton did with the Democrats, Mr. Blair must first tame Labor's doctrinaire left wing if he is to go on to win the general election likely to be called in the next 24 months.

Drawing political comparisons across national boundaries is usually pointless and misleading even in countries as similar as the United

States and Britain, Local concerns, idiosyneracies and traditions unfamiliar to the comparison-drawer can outweigh the more visible resemblances. But since the end of the Cold War the political ground does seem to be moving in the same direction in the major nations of the Atlantic community, In America, Britain, Germany and France, centrists of a liberal east have captured or are on the verge

of capturing major parties that have

been under the control of doctrinaire

left-wing activists for much of the

past two decades.

toughness on crime rather than any attachment to doctrine. They are seeking new and broader bases of support for large popular parties once dependent on labor unions. Germany's elections in October offer the next big opportunity for the swing of the pendulum to continue. The older conservatives of Chancelfor Helmut Kohl's ruling coalition currently trail the revitalized Social

Democrats, led by Rudolf Scharping. 46. in opinion polls. In France, ever out of step with its partners, the Socialists are likely to lose the presidency next year. But they are likely to continue under Michel Rocard's leadership to move away from their Marxist-influenced past.

It is here in Britain that Mr. Clin-

ton's breaking of the generational mold in polities may have its greatest impact, I know no keener foreign student of Mr. Clinton's successful drive for the presidency than Mr. Blair, a fairly regular visitor to the United States in recent years and an articulate, perceptive observer of the American political scene. Such travel and reporting are a measure of the ambition and the skill of Mr. Blair, who is Labor's spokes-

man on domestic affairs. His command of domestic issues frequently ives him the better of the House of Commons debates with his opposite number in the Conservative cabinet

and helps mark him as the leading candidate to succeed Mr. Smith. 55, who died of a heart attack on May 12. Mr. Blair and Gordon Brown, 43. who is Labor's spokesman on finance

izers" for their work in leading Labor away from rigid positions on issues that lost the party four successive elections: nuclear disarmament, tax increases, opposition to European economic integration and the power of labor unions. In an important measure of how

far the Cold War has recoded in shaping domestic politics, none of those issues figure prominently in the jockeying to succeed Mr. Smith. Instead, if Mr. Brown edges out his

friend Mr. Blair it may well be because he attended state schools in Scotland while Mr. Blair was educated at private schools. Mr. Blair's commitment to class warfare is suspect among Labor's "traditionalists" from England's north because of his popularity with the middle-class and upper-middle-class communities of southern England that have faithfully

supported Margaret Thatcher and the Conservatives. The new Labor leader will be cho-

sen by an innovative electoral college in which at least a million party members will vote, probably in July. The process will resemble a Democratic Party primary season, Mr. Blan's widely acknowledged telegenic appeal could be decisive in such an open contest and would cause many to conclude that British politics have been seriously "Americanized." There would be some truth to that.

Tony Blair would be an impressive candidate on either side of the Atlantic. But there are larger forces at work in the politics of the Atlantic commu-nity that have to do with generational renewal and managerial competence on social issues. The contest shaping up in Britain will show if Clintonism is a trans-Atlantic phenomenon. The Washington Post.

While Labor Regroups, Tories Squabble in Decline

P ARIS — The death last week of the British Labor Party's leader. John Smith casts both of Britain's leading parties into uncertainty. Mr. Smith had done much to lead Labor away from the left-wing sectarianism that has kept it from office for the better part of two decades. That struggle has resumed as Labor looks for a new leader, but in circumstances which see the governing Conserva-

tives in grave political difficulties. The Conservatives' problems focus on Europe, although the party's divisions run deeper than that. The most recent eruption of dissidence has seen a demand by the party's right wing for a new national referendum on Britain's role in Europe. After 22 years in the Community, a sizable part of the British population still is not convinced that Europe

By William Pfaff is where they really want to belong. However, the European club is popular with Labor voters, and what goes on among the Conservatives is mostly sport for the Tories, a way of tormenting John Major, the prime minister. There was a referendum in 1975 over continued British membership in the Community, which produced nearly a 2-to-1 national majority in favor of Europe. Today nothing

indicates that the same question would not get the same answer. However, the referendum now demanded would ask a different question: whether, in line with the programs set out in the Maastricht Ireaty. Britain should go still deeper into Europe, accepting a common currency and aligning its foreign and security

policies with those of its neighbors. The question of Europe's further integration is an exotic concern for the moment. It will not come up before a Maastricht treaty review conference in 1996. If that conference should decide on new programs of integration, the British public might

disarray at the moment that one must doubt that in 1996 the British would find much of interest to vote against. The proposal for a referendum on Europe contributes to the present surrealism of Tory politics, where an endless struggle goes on over leadership of the party. In recent local elections the Conservatives experienced disaster, worse even than had been expected, losing a third of the local government offices they previously

saster is foreseen in elections for the European Parliament next month. Prime Minister Major is accordingly under terrific pressure to quit or be ousted in a coup like the one which turned Margaret Thatcher out three and a half years ago. No parliamentary election is necessary before 1997, but the Tories cannot expect to stumble on through the scandals and hlunders that have been their recent

had held. Polls show Tory popularity

presently at the lowest point in the

historical record. Another Tory di-

experience and still win again. Margaret Thatcher both reinvigorated the Conservative Party during her II years in power and ruined it

old Tory party, dominated for generations by patricians, their nominees from the middle class who wanted to become patricians and the new rich who wanted to be treated as patri-cians. Their policies served their own interests, but took for granted'a larger social responsibility, even if this was paternalist in inspiration. vote "no" in a referendum. But that is two ifs away, and Europe is in such

for her successors. She destroyed the

Mrs. Thatcher handed the party over to upwardly mobile go-getters of lower-middle and working class ongins who despised the patricians for their softness and paternalism, and to a band of radical theorists who believe that the social conscience is an obstacle to the proper functioning of the economic marketplace, sole determinant of human value and progress.

The result is a soulless party. This is the real cause of its present difficulties. The obsession of its current leaders is with power itself, rather than with power in order to accomplish something. Mrs. Thatcher thought she was making a better Britain by causing radical change. The present leadership lacks that excuse. Power of course is what inspires

political careers everywhere, but successful political careers ordinarily incorporate some larger ambition. There is no sign of larger ambition in the struggle now being waged over the unfortunate Mr. Major's succession. There is in the parallel competition for the leadership of the Labor Party. That could make the difference when

a general election finally arrives. International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1919: German Mischief

have been trying to provide Switzer-land with an anti-Belgian grievance.

bishop and fifty-nine other mission-

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Cust

N EW YORK — Those residents of his district in Texas who like to pop off without bothering with facts or line points must surely feel

ably represented by Dick Armey. their man in the House of Representatives. His reputation for quick-oninforced the other day when, during discussion of abortion coverage in a national health care package, he described women who chose the procedure as "self-indulgent" and "damned careless."

This conjures up the kind of person who some suspect accounts for the vast majority of abortions in America: a 16-year-old on her third boyfriend and fourth pregnancy who skips school, swears by the scaps and thinks idly that someday she might get around to the Pill. his a great stereotype for those. like the congressman, who oppose legal abortion. But in fact only a quarter of all abortions are performed on teenagers. About 17 percent of the women who have the procedure are married. In 1987, one out of every six abortion patients described herself as a born-again or

half the abortion patients in one survey said they had been using birth control when they became pregnant. The truth is that there is no stereotypical abortion patient, whether in her indulgence of self or in her absence of care. It is only cheaply convenient to pretend there is.

But Mr. Armev is not alone in his

use of stereotype, myth and deeply

held nonsense as an adjunct to pub-lic policy, what we in the news biz

evangelical Christian. More than

By Anna Quindlen

America's Know-Nothings Are Back

call never letting the facts get in the way of a good story.

In Florida a school board has just passed a resolution requiring teachers to make clear in the classroom that America is "unquestionably superior" to any other society, culture or political system in all of human history. The board's chairwoman, who had also championed the teuching of creationism in the science curriculum, responded to a statewide policy on multicultural education by passing a counter-resolution that would require students to be taught that "we are the best of the best."

This, explained one of her allies. will make them more enthusiastic if they ever go to war.
It would be soothing to learn

that the members of the board came to this conclusion after an exhaustive study of the Greek and Ruman empires, the Italian Re-naissance, the Industrial Revolution, Zen Buddhism and Hammurabi. But they are of the opinion that none of that is necessary.

"Our form of government is su-perior to other nations because it

has survived when others have fall-

en," said one member of the school board majority, apparently un-aware of the fact that, in the span of world history, America's two centuries are as the blink of an eye. In this one official act the members of the board have taught the students of Lake County. Florida,

some overarching concepts that are

higger than math or history, writing

unnecessary and jingoism is a quick and easy substitute for intellectual ngor. That catch phrases and conclusions are more valid than critical thinking and individual opinion. It is so much easier in spit our stereotypes about women who have

or study skills. That fact-finding is

abortions than to study statistics and talk to real people about their real reasons. It is so much easier to assume that you are superior than to take the time to learn about and dissect other cultures. The first is not responsible representation, the second not real education. But never mind; here only conclusions count. Perhaps the poor history teachers in Florida saddled with this new policy would find it useful to do a

unit on a political movement that

took much of America by storm

more than a century ago by appeal-ing to fear of widespread immigration and the resulting introduction of other cultures into America's towns and cities. The group prospered by foment-ing hatred against new arrivals; the Germans, the Irish, above all the Catholics. Prominent politicians joined the ranks, and lear-monger-ing managed to land some of the

best known in high office. The group was called the Know-Nothings, and certain history books conclude that their movement went hust less than two decades after it began. But some days you have to wonder whether the Know-Nothings have been resurrected, more worthy of the name

The New York Times,

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By E. J. Dionne Jr. WASHINGTON — President Bill Clinton's political enemies truly detest him and see his defeat, even humiliation, as the essential task of the moment. His political allies do not act in a way that demonstrates a comparable interest in his personal success. Oh yes, Democrats and liberals will mostly come to Mr. Clinton's defense on policy. But

there has been little rallying around the president in his times of personal trouble.
There is, from Mr. Clinton's point of view, a charitable explanation for this difference that contains part of the truth: His conservative enemies understand the stakes of his presidency better than liberals do. Conservatives see in Mr. Clinton a man who might, over time, restore popular faith in active government, who is willing to raise taxes on the rich, offer a sweeping health care plan, take on and beat the National Rifle Association. Worse for the conservatives, Mr. Clinton is adept at stealing their best issues — crime, welfare re-form, even family responsibility. Conservatives simply cannot risk see-

ing Mr. Clinton succeed. And some in their ranks are willing to do anything to defeat him, even if that means dragging public life down into the gutter.

Liberals, on the other hand, seem more eager to mean privately about Mr. Clinton's flaws and to argue that he is not going far enough on this issue or that one than to join in defending a common project. The health care issue is a case in point. While the enemies of reform were gearing up, friends of universal coverage were spending much of their time lobby-ing for pet causes — expanded mental health coverage, for example - and whining about problems with the Clinton approach. Supporters of health reform spent so much time lighting one another that they did not notice the heavy guns pouring in shells from the opposing camp, which started winning the broader battle over whether there will be any health bill at all this year.
If the story ended there, one could

argue that poor Bill Clinton is simply the victim of conservative bloody-mindedness and liberal self-destructiveness. But there is more to it. Mr. Clinton bas contrived to make this problem much worse by seeming at crucial moments to be irresolute, even bewildered. Last week's bizarre quest for a Supreme Court justice is the latest example of Mr. Clinton's propensity to alienate friends and embolden enemies.

The difficulty does not lie with his ultimate choice, Judge Stephen Breyer, an intelligent moderate much respected within the federal judiciary. But Mr. Clinton took a defensible choice and turned it into a personal defeat. For it was he who let the word go forth that he was not really crazy about Judge Brever, that be wanted to name a thoughtful politician to the court. Interior Secretary Bruce Babbitt seemed just the person,

and Clinton aides let it be known that

How to Alienate Friends

And Embolden Enemies

his nomination was imminent. Enter Senator Orrin Hotch with the ridiculous smear that Mr. Babbitt was a favorite of the "far left." Mr. Hatch, a Utah Republican, does not much like Mr. Babbitt's efforts to get Western ranchers to pay something closer to market rates for the use of federal lands, and

he pledged to battle against him. Mr. Hatch's attack on Mr. Babbitt as some sort of leftist ideologue was absurd. Mr. Babbitt was the prototype of the moderate "New Democrat" when he ran for president in 1988. And it seemed clear, even to Republicans, that he would win confirmation. Moreover, Mr. Clinton had publicly considered and rejected Mr. Babbitt for the court last year. Would the president do this twice to someone who was carrying one of the

toughest portfolios in his government?

Mr. Clinton cut and ran, dispiriting supporters who thought that he meant what he said about looking for a differ-

ent kind of justice this time out.
"I do feel that he sometimes can be pushed and pulled by political considerpushed and punci by poniscal considerations, polls, whatever," Senator Patrick Leaby, Democrat of Vermont, said on "Face the Nation" Sunday, "And you have to stand up every so often and just say, 'Look, this is what I'm going to do."

Mr. Clinton, of course, has taken on more than his share of big fights. And there is nothing immoral about compromising to win support for a broader objective. But it is a mistake to give way when doing so tells your friends that you won't light and your enemies that they can roll you. If Mr. Clinton won't stand up for Bruce Babbitt against Orrin Hatch, why should the president expect other Democrats to stand up for him? Part of the problem here goes to Mr. Cinton's governing style: There was no reason to let this decision go down to the wire, especially since Mr. Clinton had ample notice that Justice Harry Blackmun was retiring. If even a month ago Mr. Clinton had decided that he did not want a fight and named Judge Breyer, there would have been some grumbling from liberals but no embarrassment of Mr. Babbitt, no public caving to Mr.

Hatch, no commentary on indecisiveness. Precisely because so much is at stake in the success or failure of his presidency, Mr. Clinton cannot afford the ad hoc, last-minute style of deciding things that he seems so fond of. Wherever he has control, he has to pick his fights in advance with an eye toward his broader goals. Sometimes it is worth fighting, even with your friends, to show you have principle. Sometimes, it is worth picking a fight to remind your political friends that they really do have a stake in you - and you in them. Democrats need to realize as well as the right does how much hangs on the Clinton presidency. But only Mr. Clinton can convince them of that.

The Washington Post.

The Muckrakers Managed To Surmount Their Scruples

By Richard Harwood

WASHINGTON - "Late last percent are sexually active by their seyear," The Economist magazine between two sorts of potential presi-dential muck ... money and sex. We climbs, social disapproval evaporates. in the American press chose the money (Whitewater). The sex (new tales of philandering by President Bill Clinton) was passed over.

An estensible reason for this decision was our squeamishness about the ethics and propriety of digging into Mr. Clinton's private behavior. Another was

MEANWHILE

squeamishness about our own reputations. It had become, Newsweek would say, conventional wisdom that the use of newspaper sex squads is a trashy tactic. So we declined to "soil the breakfast table" (a promise of the first Ochs at The New York Times! or soil our own images by publishing various versions of the sexual history of Bill Clinton. It was

to be a most temporary abstention. All along, there has been little doubt in the minds of many journalists that salacious tales about the president were true or approximately true and that at times he had been recklessly promiscuous. As the editor of the now defunct Arkansas Gazette has put it, "Most Arkansans have never thought Clinton was monogamous" but thought it impolite to publish the facts. He was a member of the sexually liberated babyboomer cohort that scorned ancient taboos about liberal sex.

This revolution, begun in the 1960s, has accelerated to the point that 40 percent of American teenagers now lose their virginity by the ninth grade and 70

nior years. The number of babies born reminds us, "the press had a choice to unwed mothers now approaches I between two sorts of potential presimillion a year. As the illegitimacy rate

Today's journalists, in the main. grew up in this climate and, like most Americans, are generally sophisticated and blase about sexual behavior. Who sleeps with whom is a popular and nonpejorative subject for gossip because we hear it all discussed on the talk shows, see it all in films and television productions and read all about it in magazines and newspapers.

Exposed to a barrage of Clinton rumors and allegations two years ago, we Americans responded by electing him president. Fewer than 5 percent of the electorate thought "morality" was a burning issue.

There is one exception to these attitudes of live and let live. It is called "sexual harassment." It is a product of the feminist movement and has become a canon in the drive for political conformity that preoccupies the press, targe business corporations (fearful of lawsuits), politicians (fearful of the feminist lobby), academicians and the intellectual community in general, fr has also become a profitable business for plaintiffs and their trial lawvers. and has stigmatized (fairly or unfairly) countless males who in past years may have been seen as office clowns but are now seen as brutish slobs. Once "harassment" entered the pic-

ture, the press's promises to stop peek-ing into bedrooms, yachts and the back ry is going to have a long life. seats of family cars were abandoned instantly. The president's alleged sexucharges against Mr. Clinton months al history is back on the Ironi pages ago - every delicious detail: that while

and the evening news shows, and will governor of Arkansas in 1991 he had be around for many months.

We will seek out the alleged victim of Paula Corbin Jones, a minor clerk in

I HAVE TO SELL MY STORY TO THE SUPERMARKET TABLOIDS. THEN THERE'S TRUSHY TRUK TV. AND THERE'S A BOOK IN THIS, TOO — BIG BUCKS! BIG BUCKS!

harassment and anyone else who may have encountered Mr. Clinton in a mohotel room, where he propositioned her and was rejected. ment of passion. We will investigate She offered her story to the press. The and produce profiles of the lawyers. major papers and networks ignored her, calling her claims irrelevant and unsuit-

the state bureaucracy, brought to his

BEING A.LIKE,

BINBO IS SERIOUS

witnesses, judges and ex-hoyfriends of the women involved and most likely will go back to the friends and girl-friends Mr. Clinton acquired during his able for publication. Only one thing has changed since then: She has repeated the slory in a years at Georgetown, Oxford, the Unilawsuit. This transforms a little hotel room encounter from a "tabloid tale" into a major "social issue," a case study versity of Arkansas and as a young politician. We will explore the political and financial motives of this cast of characters. We will write about constiin the animalistic abuse of women in a sexist society. Why the press did not tutional issues, presidential immunity, presidential ethics, statutes of limitasee it that way when Mrs. Jones first recounted the incident is something the editorial writers and captains of our tions and perhaps even impeachment scenarios. One way or another this stoindustry ought to explain to us.

Russell Baker, a pseudo-rube from Leesburg, Virginia, tells us in The New York Times that he was inspired to pontificate on the many ramifications of the Clinton-Jones case but was over-

come by the bypocrisy of it all.
"I am struck," he said, "by the ridiculous solemnity in which Americans try to conceal their prurient obsession with sex." The media's mission, when you get beyond the rhetoric of "finding truth and doing justice" is primarily to "gratify a sex-drenched society's passing delusion that it is not sex-drenched at all, but purer than Hester

Prynne's home town. There they all are - senators, lawyers, political giants, great editors, brilliant columnists — all poring over these evidences that sexual foolishness has been amok in our land, Horrors! Horrors, indeed. I breathlessly await the text of the depositions, brought to us soon, we hope, as a public service by the virgin press. We shall read them, not for the spice, but in fulfillment

The Washington Post.

LETTERS TO THE EDITOR

Why? The press knew all about these

SIR. THERE'S A BIMBO IN THE CLOSET!!

LISSEN, YOU DON'T JUST GO ABOUT THESE THINGS

WILLY- MILLY.

IT TAKES LIKE

STRATEGY.

End the Cuba Embargo

Regarding "Cuba; Don't Reward Cas-tro, Tighten the Embargo" (Opinion, May 16) by Vicente Echerri:

Mr. Echerri's article is vitally wrong. You do not bring democracy to countries by tightening embargoes. The end of communism in the East bloc countries and the ex-Soviet Union was not brought by embargoes. It was brought

President John F. Kennedy was moving toward dropping the embargo against Cuba when he was assassinated. If he had succeeded, Cuba would be a different country now and Fidel Castro would not be its ruler. If the sanctions had been dropped in 1964, Cuha would have involved itself in trade with the United States and would oot have been dominated by the Soviet Union.

The administration of President Bill Clinton should drop the sanctions against Cuba. Once that is done, you will see dramatic and positive changes in Cuba, By the time Mr. Clinton finishes his first term, Cuba will have moved

PIERRE SALINGER. Washington.

toward democracy.

A Proper Trade Formula Regarding "Clinton Needs a Flexible

Trade Freeze With China" (Opinion, May 17) by Michael A. Santoro:

The writer proposes that the Clinton idministration freeze China's favored trade status until il improves buman rights. He proposes granting favored treatment to imports from China up to last year's level, and subjecting additional amounts to higher tariffs. This, be

suggests, is unlikely to produce Chinese retaliation and will keep the pressure on China to improve human rights.

What would be the effect of this twotiezed tariff? It is hard to see why the Chinese would not retaliate in exactly the same way, preventing the growth of U.S. exports to China. Since the quantities of Chinese goods sold in the United States still make it into the United States. would be restricted, the American prices of those goods would rise, lowering the American standard of living and raising the profit levels of Chinese firms.

A better policy would be one that rewards the virtuous, punishes the vil-lains and benefits Americans. Why not unilaterally eliminate "voluctary" port restrictions on shoes, textiles and other goods from all countries with laudable human rights records? At the same time President Bill Clinton could announce that henceforth no anti-

dumping actions will be brought against countries with satisfactory human rights records. This policy would divert investment from countries with shameful human rights records to those with laudable ones, It would lower prices in the United States of affected goods, and it would reduce profits on the Chinese exports that

EDWARD TOWER.

For the Iraqi People

Regarding "Questions Related to Sud-dam" (Opinion, May 4) by William Sufire: If Mr. Safire really cares about the plight of the people in the region, then the ways to prevent the supply of parts and technologies to Iraq that might be used to

produce weapons of mass destruction. er leri French companies played a leading lay role in the past in arming Saddam's re-aid gime. According to Mr. Safire, they seem _rito he ready to play that role again. I ere would urge French burnan rights advo- encates to intensify their campaign against their own state, not against Turkey.

Ankara.

MUTLU AYMAN.

Cherchez le Right Word Regarding Bill to Oralaw Some Uses ha-

of English Nears Approval in French Leg-reed islature" (May 6): There is more French in the English ita-

language than English in the French heat embargo against lraq is no answer. In-stead, the Gulf War allies should seek enables us always to select le mot juste. That's what makes English so rich. It ma-NORMAN SANDERS. __3 Drammen. Norway.

LIFE OF THE PARTY: The Biography of Pamela Digby Churchill Hayward Harriman

sametynyte aproduction with the

By Christopher Ogden. 504 pages. \$24.95. Little, Brown. Reviewed by : Diane Middlebrook

TRUMAN CAPOTE thought that Pamela Digby Churchill "Hoyward (later Harriman) had never read a book. She had better not start with this one — "Life of the Party" doesn't seem to have been read even by its anthor before going into printed pages. Apparently con-structed as an appendage to its own index, it offers the lumpy example of the kind of journalism made possiy ble by access to an electronic information dump. The resulting narra-tive can be described as Early

. Cyborg. And yet what material it is! At age 66 Pamela Harriman became, age of Pameia Harminian Canali-age of the world's wealthiest widows" and at age 73, after helping Bill Clinton become president, was named an-bassador to France. Triumph in old n age is rare enough in any life; in this one, almost inconceivable. Harriman survived all the disadvantages of protracted bimbohood and of significant miscalculated alliances, "both romantic and political, before achieving the twin peaks of \$100 million and a Washington power base. How did she do it?

ters of the Princess of Palatine.)

in-law [Louis XIV], this German princess was able to show on the one hand bow the status of women could improve and on the other, the beginnings of modern Europe." (Elisabeth Hopkins, IHT)

Ogden organizes the book as a front, be wanted to produce an heir. aristocracy in 1920. She received the dences at 10 Downing Street and

Then the war came to her rescue. mous gambling debts, but these Various family connections found drove Pamela Churchifl back on her work for her as a French translator own resources. She stashed the at the Foreign Office in London, set baby with a nanny at the country her up in bachelor-girl digs, and home of his godfather, Lord Beaver-arranged a blind date with Ran-brook, and returned to secretarial dolph Churchill, the only son of Winston Churchill. On their second date, Randolph proposed marriage: riman, Roosevelt's Lend-Lease en-Expecting soon to be sent to the

ber lovers during the years before ber marriage to the producer Le-land Hayward in 1959. But despite its title. "Life of the

Party" is not exactly about a party girl. According to Ogden's sources. Parnela didn't care truch about sex. one way or another. Her social life was ber profession: Abandoning motherhood except in name, she made a career out of serving as a savvy conduit among powerful men. Ogden does not delve into the

ward R. Murrow, Gianni Agnelli. Aly Khan, Elie de Rothschild were

complexity of the character that made these attachments possible, or necessary. In lieu of a psychosocial portrait, the author provides a range of labels. To men Pamela is many things: "the greatest house-keeper of all time," "an artist at providing service." "a superbnurse," "an English aristocratic tart," "a geisha girl who made every man harmy." To derwolk wives the man happy." To nervous wives she is a dreaded "widow of opportunity." We get tantalizing glimpses of the discipline with which she acquired expert knowledge in many fields but few clues as to what was

going on in her head. This is partly because Pamela Harriman is still alive and can speak for herself, or through her lawyers. Ogden proudly describes his book as "unauthorized" (by which he probably means "uncommissioned") but acknowledges that work in London. Early in 1941 she the project grew out of a financially became the misuress of Averell Harattractive invitation to ghostwrite Harriman's autobiography. He invoy to Britain, and spent the next terviewed her intensively for six two years acting as Churchill's and months before Harriman lost confidence and Ogden lost permission to quote. Perhaps this slapdash production is the outcome of a desire to cut his losses.

Diane Middlebrook, the author of "Anne Sexton: A Biography," wrote other high-profile affiliations. Ed- this for The Washington Post.

BOOKS

WHAT THEY'RE READING

• Herve Mourea, president of Buil France, is reading "Les Lettres de la Princesse Palatine" (The Let-

"Living in France between a ho-mosexual husband [the king's brother] and an autocratic brother-



ladder, each chapter focused on a man whose support Pamela sought and rarely failed to acquire Pamela Digby was born into the English too, was housed in the official resiupbringing regarded among the Chequers when she was expecting landed gentry as suitable for a young Winston, who was born in young lady destined for marriage to a country squire, but teenage so-journs among the rich in Europe, New York and Toronto whetted her appetite for more worldly men. Following her London season as a debutante in 1938, her family shipped her back to Dorset for safekeeping.

Then the war came to her rescue.

BRIDGE

By Alan Truscott HARRY HUTZLER, as South, arrived in six hearts after an

Miller St.

opening three-spade bid on his left. South won with the ace in dummy, since the queen was likely to be with East. He then cashed the heart - king and thought matters over

NORTH A K 8 5 O A K 6 2 O A 18 9 4 WEST (D) 473 CQ 1054 CQ 673 AAK SOUTH North and South were vulnerable. Wesl North Bass
3 Dbl. Pass
Pass Pass Pass
Pass Pass

West led the diamond jack.

East," Hutzler reports, "so, right or wrong, I assumed a 4-1 trump split." The opening bid suggested a doubleton spade with East, and therefore a 2-4-4-3 distribution.

Beaverbrook's go-between in a ploy to involve the Americans ever more deeply in the war. The affair with Harriman ended in 1943 and did not become a marriage until 1971, following the "I sensed bappy vibes from deaths of sponses on both sides and in Pamela's case, after numerous

South cashed the spade ace and the club ace. He followed with the ace, intending to follow with the club king and led the diamond ten when the jack appeared from West.

It did not seem likely that West had begun with two singleton, but there was a psychological clue available.

It is a winning finesse, A club was discarded on the spade king, and the closed hand was entered with a diamond lead to the king. The club queen was cashed, allowing a diamond discard from dummy, and a diamond was ruffed. This stripped East of all his cards outside the trump suit and left this ending: NORTH

4-WEST . Q te 5 SOUTH ·987 When dummy's spade was led East found that his two trump tricks had shrunk to one,

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The state of the s

By Natalie Angier Year York Times Service

EW YORK — Women may not find this surprising, but one of the most persistent and frustrating problems in evolutionary biology is the male. pecifically, where did he come from, and why oesn't he just go away?

After many years of rubbing their chins so ard they are practically scraping bone, scien-sts say they still cannot explain to their satisiction why the great majority of species on arth reproduce sexually. It would be so much eater and more sensible if females were to do re whole reproductive business solo, either by adde taking simple clonal copies of their eggs — as islam n some lizards and fish, for example — or by Bu munifacturing in-house the sperm needed to prop estilize the eggs, as do some worms and snails. Instead, in most species, a female relies for er genetic survival on sex with a male, a bearer

Ulf semen and usually not much else. In so stath ning, she makes substantial sacrifices. Her offspring end up with only half her genes. prov ather than the whole portion borne by the craft hidren of ascrual mothers. The mating ritual self is often time-consuming, complicated and from isky. And to top it off — oh. injustice! — the short nale typically makes a swift postcoital exit.

eaving the female to rear her offspring alone. Now a researcher from the University of H tritish Columbia offers results that only deepn the mystery of why males arose on the volutionary stage and why females continue to oferate them.

Reporting in the the journal Nature, Dr. Rosemary J. Redfield of the department of very cology demonstrates that a female, hy mixing dentier chromosomes with a male's, perpetually Irad empis genetic disaster. It turns out that the male's sperm cells are

ing It turns out that the mane's specime comare ions than are the female's eggs — anywhere diff rom 2 to 100 times more mutations, depending get; in the species. And given that most genetic privalerations are undesirable, possibly resulting In disease or frailty in one's offspring, the opp emale appears to be getting a lousier deal from

new exual reproduction than scientists previously nes rad imagined. oth. "We take it for granted that all reproduction "hould involve genetic contributions from male for and female parents, possibly because sex is such your essential and engrossing part of our own Daives." Dr. Redfield said. "But in fact, we still tution't know why this kind of reproduction tinevolved and has become so common. Rather hnan helping to solve this controversy, my pa-

haper points out that the problem is worse than In: The discrepancy in mutation rates among

males and females is a simple matter of cell division. Because a male generates so much more sperm than a female does eggs, his sex cells are dividing comparatively faster and more often. It is during cell growth, when chromosomes are being copied for apportionment into two new cells, that the greatest likelihood of genetic missteps arises.

Scientists have long suspected that mates may be responsible for the great majority of new mutations that appear in a population of animals, but they have only just begun to gather supporting evidence from DNA studies.

ong humans, the rate of mutation in a man's sperm cells may be at least six times greater than in a woman's eggs. What is more, the mutational excess mounts with a man's age, suggesting that women may do well to follow men's time-honored tradition and seek out young mates.

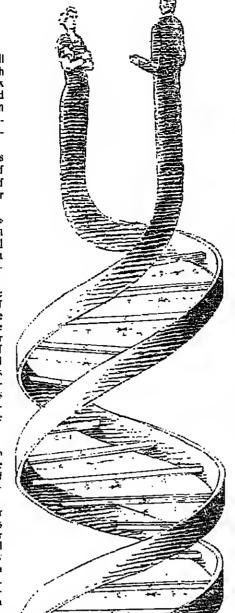
In the report. Dr. Redfield took some of the findings that have emerged on the high rate of mutations in sperm cells and incorporated the figures into a computer model comparing the costs and benefits of sexual reproduction. Her results call into question a prominent theory of why sex evolved; to prevent potentially harmful mutations from gradually gathering in a female's genetic stock. By this notion, asexual reproduction is a one-way street to total genetic decay, as mutations arise during the cloning of the female's eggs, and those genetic errors accrete dangerously with each succeeding generation.

NE reason for sex, then, could be inject a new round of genes into the mix to help keep the mutational load. at a minimum. Enter the accommodating male and his refreshing sperm.

But Dr. Redfield's calculations suggest that far from cleaning up the mutational mess, the male's computer model, she compared the mutational outcomes of females who reproduced asexually and females who mated with males bearing a varying number of mutations in their sperm cells. or gametes. It did not take many extra masculine-based mutations before asexuality began looking like the superior strategy,

"If sex is the device to reduce the mutational load, and if the male mutation rate is indeed higher, then it doesn't look like a reasonable idea for a female to have anything to do with a male and his contaminated gametes," said Dr. Alexey S. Kondrashov of the department of ecology and systematics at Cornell University.

Dr. Kondrashov pointed out that many mutanons, any changes in the lettering of the DNA, have no effect on an animal at all, for the great hulk of genetic material in the body is so-called junk DNA, apparently serving fittle or no purpose to begin with. Changing this filler material would have about as much impact as substituting



one styrofoam peanut for another in a shipping

In addition, some mutations are heneficial, the source of heightened talents, diversity, evolution itself. Indeed, some of the researchers who have published reports on mutation rates in sperm have noted that males, as the primary source of inadvertent genetic change, may be the engine

"New Look at Genetic Role of Male

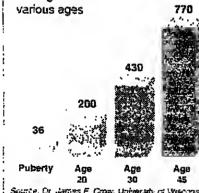
New Law Times Service EW YORK — When it comes to parceling out blame for birth defects and genetic disorders, women have historically shouldered most of the burden, particularly older mothers who supposgredly risked their offspring's well-being by let-Cling their eggs sit around growing progressively more stale and chromosomally unstable.

By contrast, men have been seen as eternally fertile, able to father healthy children well into

Older Men's Risk

Because a male makes much more sperm than a female does ecos, his sex cells divide taster and more often, increasing the likelihood of mutations. The risk increases with age.

Number of divisions a man's sex cells have undergone at various ages



But growing evidence suggests that men, rather than women, may be the source of most new genetic mutations in the population, and thus may be responsible for the majority of congenital diseases that seem to come from nowhere. In addition, the older the man gets, the more likely his sperm is to carry genetic mutations.

The new view is based largely on studies of individual cells, and scientists emphasized that they have much to learn about the source of genetic mutations. Nor do they have any idea how often a minor variation in the genetic blueprint for a human being translates into a

The overwhelming majority of genetic alterations that appear in the course of generating sex cells are likely to be harmless. Nevertheless. some researchers said it was time to take a therent fallibility of sperm cells. "This is a subject that has not received as much attention as it should," said Dr. James F. Crow, a geneticis! at the University of Wisconsin in Madison.

As long as half a century ago, J. B. S. Haldane. the Scottish geneticist, proposed that cases of hemophilia not associated with a family history of the disease were much more likely to be the result of a genetic glitch originating with the male's sperm rather than with the female's egg.

Scienusts realized that while a woman's eggs are fully formed during fetal development and undergo no further cell division after birth, the progenitor sex cells that give rise to a man's sperm continue to divide throughout his life. And the greater the number of cell divisions. the greater the odds that minor errors called point mutations can occur while the chromosomes are being copied.

More recently, scientists have shown that enes on the Y chromosome — the sole province of the male -- do indeed mutate at a faster rate than genes on the X chromosome, which is essentially though not exclusively a female

Using these and other new findings, scientists estimate that the overall genetic mutation rate in sperm cells is six times greater than it is in eggs. That discrepancy only widens with age. The older a man is, the more times his progenttor sperm cells have divided.

At 13, when a boy typically begins making sperm, his sex cells have divided about 36 times. and they divide about 23 times a year thereafter. By age 20, the cells have replicated about 200 times: by 30, about 430 times; and by 45,

Statistical evidence supports the premise that an older father is likelier to sire a child with a hirth defect than is a younger man. Dr. Crow

On average, fathers of children who have a new dominant genetic disorder — a disease caused by a single genetic defect not known to run in the family — are six years older than fathers of children without an illness.

OR their part, filder mothers still have a heightened risk of conceiving bantas with other sorts of birth defects ones associated not with point mutahut with a mistaken replication of an entire chromosome. The most famous example of this sort of mishap is the triplicate copy of

chromosome 2f that causes Down's syndrome. Dr. Crow points out that such large-scale chromosomal defects can easily be detected in prenatal tests, while most of the small genetic errors remain undiagnosed until birth, "I think we could eliminate quite a bit of human muration if males either reproduced at a young age. or stored their youthful sperm on nitrogen for use later in life." he said.

But other scientists insisted that older fathers have certain advantages over their young counterparts. By remaining alive and robust, an older man bas proved his overall genetic hardiness. And molecular arguments uside, good fathering skills, like cheese, wine and redwood trees, very likely improve with age.

Natalie Angier

Answering the Question: Why Me.

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Cancer Risk at the Molecular Level

Researchers say that clues as to who is likely to get cancer can be town within the body's cells by measuring biological markers. Here are some

By Sandra Blakeslee New York Times Service

EW YORK - Researchers are finding ways to answer a question that haunts every cancer patient: Why me? The explanation, they say, can be found deep within the cells of the body in piological factors called markers.

Like the smoking gun in a crime novel, markers are physical evidence of the foul interplay between cancer-causing agents in the environment and a person's genes. But as in all whodunits, the true villain can be the one who arouses least suspicion.

The new research shows that cancer is not primarily caused, as many Americans tend to think, by the poisons spewed into the air, water and land by industry. Rather, each person is born with various geneue susceptibilities, essentially weak spots in their genetic makeup. that play a leading role in the cellular mayhem

For example, researchers have found that some people have genes that enable their bodies to delocify chemicals rapidly, including the carcinogens found in cigarette smoke and natural carcinogens found in foods. Others are born with slow acting varieties of

the same genes; their bodies are less efficient at getting rid of carcinogens. If exposed to large enough quantities of the chemicals, these slow detoxifiers are more likely to get cancer. The research sheds light on a vexing ques-

tion. Why do some people who smoke ciga-rettes and eat an unhealthy diet live to be 90 while others who live healthy lives succumh to cancer at a young age?

The subject is being discussed this week at the annual meeting of the American Society of Clinical Oncology, being beld in Dallas, and is the topic of an increasing number of scientific

HE subject is being discussed this week at the annual meeting of the American Society of Clinical Oncology, being held in Dallas, and is the topic of an increasing number of scientific articles.

The classic methods for studying cancer risks have been very frustrating, said Dr. Frederica Perera, a leader in biomarker research at Columbia University's School of Public Health in New York City. Epidemiologists, who study large populations of people over time, have made great strides in

linking cancer to chemicals, she said, although since the deaths usually occur decades later, long after exposure to the chemicals took place, making the connections is often problematic. With the tools of molecular biology, however. Dr. Perera said: "We can get inside the black box everyope talks about. We can get some

fingerprints on environmental carcinogens and

look for their targets inside cells." Molecular toxicologists and molecular epidemiologists are looking for physical signs of damage in human cells. Some, called adducts, are chemicals bound up with DNA or proteins.
Others are gene and chromosome mutations. alterations in DNA repair enzymes, various forms of enzymes for metabolizing foreign chem-

Adducts are formed when chemicals stick to DNA, Dr. Perera said, Unless the damage is repaired before the cell divides, mutations can occur that may lead to cancer. Sometimes the adduct may attach itself to a length of junk DNA, where it does the body no narm. At other times, with the luck of a crap shoot, it may damage DNA that controls cell division.

icals and levels of nutrients in the bloodstream.

forkers have varying levels of a chemical, polyaromatic hydrocarbon, bound to their DNA depending on their exposure to the chemical and their innate ability to detoxify chemicals.

Adducts are often found in people exposed to

People living in the politited air of a large city on chromosome 7, it is an "innocent genetic about different cancer rates among races,"

aberrations than people living in the cleaner air of a Polish village. And women exposed to polyaromatic hydro-

in Poland have more adducts and chromosome

carbons from the hurning of fossil fuels and other industrial sources have varying levels of adducts in their breast tissue, depending on their genetic makeup, Such findings may help determine why one woman gets breast cancer and her next-door neighbor does not.

Work is continuing to see whether biomarkers like these can predict who will get cancer, Dr. Perera said. Researchers are looking for such adducts in blood samples stored 10 and 15 years ago, she said, to see whether they foretell disease in given individuals,

NOTHER kind of physical damage to cells that can lead to cancer is a set of mutations in an important gene known as p53. The gene's normal function is to suppress cancerous changes in the cell, and these are very prone to develop when the gene is inactivated by mutations. Recent studies have shown that several envi-

ronmental carcinogens cause mutations at characteristic sites on the p53 gene. In other words the site of the mutation on a person's p53 gene will indicate whether it was induced by ultraviolet light, aflatoxin from peanut mold or

Dr. Ilan Kirsch of the National Cancer Institute in Bethesda, Maryland, is studying another type of hiomarker involving the inherent insta-bility of human DNA. DNA tends to jump about and recombine in ways that drive evolution. Dr. Kirsch said, but such recombinations can also cause cancer.

The marker is an inverted DNA sequence that is found in one of every 5,000 to 50,000 aberration." Dr. Kirsch said, because it seem to cause no harm in most people:

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But other people have a genetic delect in which the chromosome 7 abertation & (III) times higher than normal, Dr. Kirsch said There develop leukemia or lymphoma 100 times many often than people with the innocent abertation.
With this clue in mind, Dr. Kirsch is sputting.

the chromosome 7 marker in farmers enforced to pesticides. He said chemicals could influence a person's baseline level of genetic instability making DNA alterations more or less ilkely at any given time. A third type of marker consists of marker

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Fast

found in the liver and other tissues. The himser body has evolved families of enzymes for metab-olizing chemicals — the natural carcinogens of food as well as drugs and industrial compounds:

When a chemical comes into contact with a cell membrane, it is met by enzymes that render the chemical more or less water soluble. If all the chemical is thus transformed, it is exceeded completely from the body. Sometimes, however, a chemical can be altered into a form that makes it prone to binding with DNA or protein, raising the risk of cancer.

There are wide genetic variations in these enzyme systems, said Dr. William Evans appear macologist at St. Jude Children's Hospital at the University of Tennessee in Memphis. hi steet people an enzyme may be very slow acting they can be easily poisoned by the drugs or chemicals detoxified by that enzyme. Others may inherit a fast-acting form of the enzyme, he said. Then bodies deactivate the drugs or chemicals handled by that enzyme with lightning speed.

"We have observed 10-10-100-fold differences in enzyme activity." Dr. Evans said.

Enzyme activity often declines with age, helping to explain why cancer tends to be a disease of old age. And enzyme activity varies between white blood cells in the human body. Located ethnic and racial groups, he said, providing thes

Weighing Risks of Chemotherapy

By Gina Kolata New York Times Service

EW YORK - For years. many cancer experts have strongly felt that the more chemotherapy they can give a patient, the better will be the chances for controlling

the cancer. Although the side effects are greater with higher doses, these patients and doctors have felt that the nausea and the risks of infection are

worthwhile in combating the cancer.

IN BRIEF

But now, in a clinical trial that adriamycin. High doses of adriapothesis, researchers found that in women with breast cancer a double dose of chemotherapy was no more effective than n standard dose.

The study, reported at a meeting in Dallas of the American Society of Clinical Oncologists, involved 2,300 women with advanced breast cancer who were randomly assigned to one of three chemotherapy regimens.

The three treatments gave standard, higher and double doses of cyclopbosphamide, combined in each case with the standard dose of

was the first true test of this hy- mycin are dangerous because they can damage the heart. Dr. Lawrence Wickerham, a hreast cancer specialist at the Uni-

> the study, reported that survival was the same in all three groups. The higher doses of cyclophosphamide caused more nausea and vomiting and lower white blood cell counts, weakening the body's

versity of Pittsburgh who directed

immune systems and increasing the chances of infection. Dr. Wickerham stressed in a telephone in terview that the results did not mean that chemotherapy in general did not help women like those in his study, whose breast cancer had spread to the lymph nodes under their arms.

Dr. Joseph Bailes, a cancer researcher at the University of Texas Health Science Center in San Antonio and the chairman of the clinical practices committee of the American Society of Clinical Oncologists, said that although the new findings "raise the question of whether more is better, I don't think this closes the question."

Another Twist in Butter-Margarine Debate

By Sally Squires

ASHINGTON - An analysis linking consumption of margarine to heart-disease deaths and sugter choice is drawing strong criticism from federal officials.

percent of the death rate from heart disease.

gesting that butter might be a beiweek that a type of fai found in some margarine and fast foods could help account for 30,000 deaths a year from heart disease - about 6 in vegetable oils and shortenings that are par-tially hydrogenated. In this process, natural liquid oils are heated and hydrogen is added to convert the oils to a solid fat.

sumer groups to lower the amount of saturated fat in fast foods, many manufacturers have recently switched to trans fatty acids rather than using beel tallow to cook fried boods. Writing a commentary in the American Journal of Public Health, Walter C. Willett and

Albert Ascherio, both of the Harvard School of

Public Health, called for new federal regula-

tions requiring food manufacturers to label the

Pressured by public-health officials and con-

fat and heart disease deaths has not been proved. To begin with, there is no accurate data available to know how much trans fatty acids Americans eat, and patterns of using this type of fat have been errauc.

said Nancy Ernst, nutrition coordinator for the National Heart, Lung and Blood Institute. Dr. Ernst said the authors' opinion differs from that of the institute's National Cholesterol Education Program, which reviewed the same

data last year and unanimously concluded

"that trans fatty acids do not raise blood cho-

lesterol to the rate that saturated fat does."

"How can you attribute these deaths to trans fatty acids if the intake has been so erratic?"

an researchers showing that three common allergy drugs promote cancers in laboratory mice has prompted the U.S. Food and Drug Administration to begin its own investigation of the prescription antihistamines. Neither the researchers nor the FDA advised

U.S. Testing 3 Allergy Drugs

WASHINGTON (LAT) - Tests by Canadi-

consumers to stop taking the drugs although they cautioned against long-term use. The FDA noted that no clinical studies to determine the effect on humans had yet been conducted and that only certain antihistamines were implicated in the Canadian study. The principal Canadian researcher, Dr. Lome J. Brandes, said that so far, benefits of antihistamines appear to outweigh the risks.

In the study published in the Journal of the S. National Cancer Institute, Dr. Brandos and his research team at the Manitoba Institute of Cell Biology in Winnipeg injected mice with a skin cancer and a cancer of the connective tissue, known respectively as melanoma and fibrosarcoma. In three different groups of mice, the tumors grew faster and larger after the rodents were injected with one of three antihistamines: loratadine, asternizole and hydroxyzine, all of which are prescription drugs.

Prostate Surgery Effects

DALLAS (AP) - Men who have their prostate gland removed because of early signs of cancer run a higher than expected risk of losing

urmary control and the ability to have sex. a

The study, conducted at Harvard-affiliated hospitals, found that the side effects of this common operation are much more frequent than surgeons usually acknowledge. The report is the latest contribution to the controversy over how - and even whether - prostate cancer should be diagnosed and treated. An. estimated 200,000 cases, 80 percent of them at early stages, will be diagnosed this year in the United States.

The study was directed by Dr. James Talcott of Dana-Farber Cancer Center in Boston. He presented his findings at a meeting of the American Society of Clinical Oncology

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International Herald Tribune, Thursday, May 19, 1994



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International Herald Tribune World Stock Index © composed of 280 internationally investable stocks from 25 countries, compiled by Bloomberg Business News. Jan. 1, 1992 = 100. The index tracks U.S. dollar values of stocks in: Tokyo, New York, London, and Argentina, Australia, Austria, Belgium, Brazil, Canado, Chile, Denmark, Finland, France, Germany, Hong Kong, Italy, Mexico, Netherland, New Zoalend, Norwey, Singapora, Spain, Saveden, Switzerland and Venezuela. For Tokyo, New York and London, the Index is composed of the 20 top issues in terms of market capitalization, otherwise the ten top stocks are tracked. 111.99 112.05 -0.05 114.76 113.88 +0.77 117.50 114.14 +2.94 128.22 126.82 +1.10 Finance 118.89 117.44 +1.23 Consumer Goods

Ruling Questions European Car Pact

By Tom Buerkle

International Herald Tribune BRUSSELS — In a decision that calls into question the legality of Europe's import restraints on Jananese automobiles, the European Court ruled Wednesday that the European Commission must invesligate whether longstanding curbs on imports into Britain violate

competition rules.

The decision was hailed by the two consumer groups that brought the case. They said they would demand that the commission investigase the British restraints and re-lease the details of its 1991 consensus agreement with Japan limiting car imports through the end of this decade.

The decision clearly casts doubt on the legality of the current con-sensus and raises the possibility that the consensus accommodates the maintenance of anti-competitive agreements," said Jim Murray, head of the Brussels-based European Consumers Union, one of the plaintiffs. He said his group would insist that competition policy will

In ruling for the consumer groups, the Court of First Instance said the commission should investigate an agreement between Brit-ain's Society of Motor Manufacturers and Traders and the Japanese Automobile Manufacturers Association limiting Japanese imports to 11 percent of the British market. The commission had refused to investigate, saying the consensus agreement did away with national quotas beginning in 1993, a conten-tion the spokesman reiterated on Wednesday,

But the court said the commission had "made a manifest error of assessment" because the agreement contained a target of 190,000 Japanese car imports in 1999, or 7 percent of the projected British market

that year. Although technically voluntary, Japan agreed last year to reduce its exports by 18.5 percent in light of the European recession. The two sides agreed recently to increase the ceiling by 0.4 percent this year, to 984,000 cars,

BT Takes the Offensive Amid Telecom Wars, Growth Sought

imernanonal Heruld Tribune

LONDON - Sir lain Vallance says he will not give an inch to the hordes of competitors, regula-tors and politicians trying to cut British Telecommunications PLC down to size.

But even if reality dictates that he must surrender customers in the name of a free market, the chairman of Britain's largest company hopes to transform BT into the world's top telecommunication tions concern by focusing on new value-added services at home and by attacking husiness markets abroad, particularly in Europe and Asia

Key to BT's international expansion is its global alliance with MCI Communications Corp., announced in June but still awaiting clearance from authorities in the United States and Europe. Sir lain predicts that the \$1 billion venture, which is 75-percent owned by BT, will win clearance from the U.S. Department of Justice, Federal Communications Commission and European Commission before the end of the summer.

Sources said the venture's range of business telecommunications services will be marketed un-der the "Concert" brand by MCI and BT, with a global ad campaign planned to kick off as soon as the company, based in Reston, Virginia, gets permission to operate.

While MCI, to which BT is to pay \$4.3 hillion for a 20 percent stake, will market the services in North and South America, BT will work with national carriers and with outside partners in Europe and Asia. Sir lain said. Last month, BT signed such an alliance with Norwegian Telecom, and more deals are due in the months ahead.

In the battle for Europe, BT and its new allies will be competing against Eunetcorn, the recent joint venture between France Telecom and Deutsche Telecom, and also against AT&T Corp., which is backing the Unisource consortium linking the Swiss, Swedish and Dutch state telecoms companies.

"We're fighting a war of attrition against the regulators and competitors here, and outside the U.K. we're taking an aggressive stance," said Sir lain, who was knighted at Buckingham Palace on New Year's Day.

Starting his career in the British post office, Sir Iain became chairman of BT in 1987. He is credited with modernizing and restructuring BT and vastly improving the country's phone service, while positioning the company to compete in the global telecom market,

"They're the best placed of any phone company outside the U.S.," said Neil Barton, an analyst at Merrill Lynch & Co. in London. "I see BT becoming the AT&T of Europe."

While long-term prospects appear encouraging, the executive's strategy is not likely to have much affect on BT's bottom line over the next few years,

On Thursday, BT is expected to reveal improved results for its 1993 financial year, which ended March 31, with analysts predicting pretax profit of around £2.75 billion (\$4.1 billion), up from £1.97

billion in 1992 but still short of the £3.07 billion posted in 1991.

More important for investors, the dividend More important for investors, the dividend should be headed up. Laurence Heyworth, an analyst at Robert Fleming Securities in London, predicted BT's payout would be lifted to 16.7 pence per share, from 15.6 pence currently. He based his outlook on the company's "much improved quality of earnings and prodigious cash flow."

Sir lain would not comment on the estimates, though he said BT had felt the positive effect of Britain's economic unturn resulting in increased

Britain's economic upturn, resulting in increased phone usage, as well as of reductions in operating costs due to the elimination of 15,000 jobs in the year. Company employment now is under 150,000, down from 250,000 in 1990, and 15,000 more jobs. — including around 5,000 managers — are to be cut in the current year.

Impacting earnings on the negative side, he said, were stiff rate cuts mandated by Oftel, the British

Key to BT's international expansion is its global alliance with MCI Communications, announced

in June but still awaiting regulatory clearances.

regulatory authority. BT last year was obliged to cut its rates for regulated services by an amount equal to inflation minus 6.25 percent, and this year Oftel has ordered cuts equalling inflation minus

In addition, BT began to feel the impact of a fast-growing legion of competitors. In the City financial district, for example, Mercury Communications of the communication of the cations, the 80 percent owned subsidiary of Cable & Wireless PLC, has garnered an estimated 50 percent of the high-usage husiness market. Overall, analysts say BT's share of the husiness market has

dropped below the 87 percent registered in 1993.

Some think that shrinking trend will persist
Oftel has authorized 150 companies to go after BT's customer base, which generated most of the company's £13.24 billion in revenue in 1993. In addition to about 30 octwork carriers, trunk carriers and international resale services licensed to operate in the market, BT faces 130 cable television franchise holders - many of them American-British joint ventures - permitted to sell phone services as well.

"Until 1991, there was no competition, but BT now it finds itself in the same position of AT&T when it was forced to give up its monopoly," said Mr. Barton of Merrill Lynch. "I see BT's share of the U.K. market going down to 60 percent within 10

Sir Iain said his task was more difficult than

Car Sales Lift ac Ru, 1 f ties is Daimler Results of vings In 4-Month Span in the last of the last of

BERLIN - Daimler-Benz AG. Europe's largest industrial company, said Wednesday that sales climbed 15 percent to about 30 billion Deutsche marks (\$17.95 hillion), in the first four months of

Edzard Reuter, chairman of the company, said at its annual share-holders' meeting that operating re-sults for the first three months of 1994 had been positive and that be expected the trend to continue for the full year.

Your company has undergone quite a few changes since 1992," he

Fried. Krupp also sees a turn-around. Page 11.

said. "We have become more agile,

tougher, more efficient."

Mr. Reuter said that the company, which posted a net loss of 1.84 billion DM in 1993 hased on U.S. accounting principles, was on track to raise sales to more than 100 billion DM in 1994 from 97.7 bil-

lion DM in 1993. For Daimler's key car division. Mercedes-Benz AG, Mr. Reuter said that sales had risen substantially in the first four months of 1994, hut profits had lagged.

"Our profits are just not what they should be." Mr. Reuter said. Therefore, further energetic measures to optimize our cost effectiveness will remain at the top of the He said that the company had

achieved broad-based cost savings of 5 billion DM in 1993 and that Mercedes had contributed 4 billion DM of this.

"Everywhere in your company, there are similar efforts to create a new cost and management culture," he said.

The company repeated that it would raise capital in a one-for-10 rights issue when stock market conditions were favorable, noting that the new shares would be eligible for the 1994 dividend. Last week Gerhard Liener, the company's finance director, said the rights issue would

Daimler's results appeared L underline a trend of improving re abouts sults among European carmaker in poet as the continent's economies beginstron by to emerge from their worst postwe. ultrally

Basically you could say that the prevail bottom in the European auto it; anden h dustry has been passed." said Jui'r th'd gen Melzner, car sector analyst a ezdap
DB Research GmbH, the investrey ing
ment research arm of Deutsch tones ed (Bloomberg, AP, Reuters, AFA clisites

Volvo Posts **Ouarterly Profit Rise**

STOCKHOLM — A 63 perces jump in sales along with cost-savir measures gave the Swedish autimaker Volvo AB a surprising 3.1° billion kronor (\$409 million) afte rees tax profit for the first quarter trees. The period was so good this disvolve even hired employees—12 the volvo even hired employees—12 thed in the several years.

The net profit compared with "lay

loss of 280 million kroner for the aid comparable three-month perio -ri-

The 63 percent jump in sale en-hrought total sales to 37.38 billio kronor for the quarter. Volvo sain ind that the higher sales volumes, in bed proved profit margins and favor neable currency exchanges, notable a with the strong dollar, had a laawith the strong dollar, had a trahelped the quarterly results.
Sales of Volvo cars rose 25 per ed cent in the period, and the companion

ny "increased its market shares i tra-most major markets," said Sore but Gyll, the chief executive. While overall demand for curnn-

in Europe shows a weak upturn in Volvo's sales picked up 20 percent

INTERNATIONAL MANAGER

For more information about the Index, a booklet is available free of charge. Write fo Trib Index, 181 Avenue Charles de Gaulle, 92521 Neully Cedex, France.

Fast Food Sizzles in Brazil

98.28 97.71 +0.58

128.13 125.57 +2.04

By Jeb Blount

Services 118.78 116.33 +2.11

Washington Past Service
IO DE JANEIRO — Sparked by recent Brazilian economic reforms and diminishing opportunities at home, some of America's biggest fast-food names —
McDonald's, Pizza Hut, Arby's, Kentucky Fried
Chicken, Domino's Pizza and Dunkin' Donuts are looking to Brazil for growth.

"Franchisers are having to look abroad for growth, and Brazil is now a very attractive market," said Leonard Swartz, worldwide managing director of franchising services for Arthur Ander-sen & Co. in Chicago. "After Asia, Latin America is the bottest place for expansion right now." Of all Latin American markets, Brazil's fast-food

sector is the largest and most developed. U.S. brands have captured nearly 11 percent of a Brazilian foodfranchising market now worth \$1 billion a year. taking much of it in the last two years, according to the Brazilian Franchising Association. In a country where as much as half the population

cannot afford a meal in a fast-food restaurant, the outlets are more upscale than in the United States.
At the Pizza Hut in Rio, for instance, the logo and menu may be the same as in U.S. shopping malls and college towns, but the look and feel is more stylish. There is less plastic, more wood and marble. . "There's a lot of interest in franchising opportu-

nities in Brazil," said Bernard Jager, president of the franchising association. "Consumers are eager for foreign products, especially since the market was closed for so long. The small-business people are looking for a proven name and an inflation-resistant opportunity and the larger concerns are looking to diversily."

According to Mr. Jager, the high-turnover, cash-business nature of fast-food franchising makes it one of the least risky ways to enter or expand in the Brazilian economy. Even if we get inflation down to 12 percent to 15 percent a year, it will still be a cash business, and that's one of the best hedges against inflation," he said.

Executives at McDonald's, Pizza Hul and Arby's

warned that finding Brazilian supplies that meet product design and quality standards can be diffi-cult. For instance, most Brazilian beef comes from Zebu cattle, a water buffalo-like animal better adapted to the local climate than the species preferred by U.S. companies. Potatoes also are different, forcing some franchisers to import from Cana-

The proper kitchen equipment may also be un-available locally or expensive to import, and expansion into large-but-remote Brazilian markets is

ampered by an underdeveloped transport system.
Yet while broad, U.S. style market penetration is limited by the fact that nearly a third of Brazilians earn less than the legal \$60 monthly minimum wage, franchisers here see advantages in a narrow-

er market.
Fast food here is "a chic thing," said Peter
Rodenbeck, president of McDonald's Brasil. "In

general, the restaurants here are put together in a classier way than they are in the United States."

Most fast-food operators believe this upscale approach helps them add to their already strong reputions. tation for quality and service, values still relatively undeveloped in Brazil's traditional food industry. Until now, fast food in Brazil has meant hunch counters," said Mr. Jager. "The large, fast-food franchises are offering cleaner, faster and more friendly service. People really like this. It's unusual."

That explains the long lines at Pizza Hut, according to Humberto Pandolpho, president of Pepsico do Brasil Ltda, the Brazilian arm of Pizza Hut Inc.'s U.S. parent, Pepsico Inc. "In the U.S., Pizza Hut has a more middle-class reputation," he said. "But here it is something special and, according to the presence point. ing to our survey, it is becoming the reference point for pizza and service in Brazil."

Wall Street Counterattacks on Derivatives

By Brett D. Fromson

Washington Post Service WASHINGTON - Many Wall Street executives strongly disagree with the conclusions of a U.S. government sludy that warns that derivatives, the financial instruments that have grown into a \$12 trillion market, pose hig risks to the global financial system.

Executives at major derivatives dealers who were briefed this week on a draft of the General Accounting Office report officially released Wednesday say their opposition stems not only from fears that regulation will cut dealer profits, but also from a belief that it would squelch financial innovation that helps companies lower their bor-

rowing costs. Derivatives are so named be-cause their value is derived from such things as stocks or interest rates. A basic derivative is an interest-rate swap, in which a company converts its fixed-rate debt into deht that has a floating rate. Sudden changes in interest rates, like those this year, can turn complex hedges such as these into bad bets. depending on the options embed-ded in the instrument.

Major corporations have recently reported losses tied in some way to derivatives. Big brokers and banks have made handsome fees selling these products.

The 193-page GAO study acknowledged that in a world of volatile financial markets, derivative deals can help corporations and investors insure themselves against But it warned that if a large deal-cr of derivatives "failed, the failure could pose risks to other firms, including federally insured deposi-

Rising interest rates burt Morgan Stanley's profit. Page 10.

unwanted risks such as rising interest rates or a falling U.S. dollar.

tory institutions, and the financial system as a whole The report says that derivatives are especially "difficult" to manage because of their "complexity" and place special burdens on corporate executives and directors. It warns that what may appear to be a prudent hedge today can become a bad

bet tomorrow. Of the areas cited for increased regulation, however, official sources said there is growing support among regulators for only some of the recommendations; im-

proved accounting and public disclosure of derivatives holdings; hetter risk-management procedures at companies active in derivatives; and more stringent capital standards for derivatives dealers, whether they be banks, brokerages or insurance companies.

The report calls for comprehensive international supervision of derivatives, which trade largely beyond the reach of regulators. The investigation recommends that

Congress require federal regulation of the safety and soundness of all major" U.S. derivatives dealers. While only somewhat critical of the state of bank regulation of deriv-atives, the report sees room for regulatory improvement in the area of securities firms and insurance companies. Bank regulators have sub-stantially more authority than the

Securities and Exchange Commission has to examine and supervise

banks that are derivatives dealers.

Congress should bring the currently unregulated derivatives activities of "securiues firms and insurance company affiliates" under

the scrutiny of tederal regulators, the GAO said.

The study calls for all regulators to demand much more detailed information about the specific derivatives commitments entered into by dealers and their customers.

It proposes uniform capital standards for dealers, whether banks, hrokerages or insurance companies, to ensure they have enough of a financial cushion to protect against derivatives losses as well.

The study says that financial reporting of derivatives is "inadequate" and recommends that stricter accounting rules for all dealers and users be issued "expeditiously" by the Financial Accounting Standards Board.

Germany Cuts Interest Rate

FRANKFURT - The Bundesbank sanctioned a size aton Wednesday, but the reaction from financial markets was lukewarm amid feets that Germany might be nearing the end of its rate reduction cycle. The German central bank al-

lowed the securities repurchase rate, the leading money market rate, to fall to 5.23 percent from 5.35 percent last week. German markets had widely expected a sharp reduction after the Bundesbank slashed its discount rate, the floor for German interest rates, to 4.5 percent from 5 percent last week. Wim Duisenberg, president of the Dutch central bank, reinforced market worries Tuesday when he said German rate cuts

were approaching an end.

CURRENCY & INTEREST RATES

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Sal. Oppenheim jr. & Cie. Privatbankiers seit 1789

Our 205th business year

Extracts from our annual report for the year ending December 31, 1993 Sal. Oppenheim jr. & Cie. Kommanditgesellschaft auf Aktien

| Keysdaliy (av DM million) | 1993 | 1992 |
|---------------------------|--------|-------|
| Business Volume | 10,390 | 8.866 |
| Total Assets | 9.901 | 7,976 |
| Deposits | 7,871 | 5,676 |
| Bills | 5,802 | 5.689 |
| Equity | 1,050 | 1,035 |

The Partners Cologna/Frankfurt/Munich, May 1994 A

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Fage Technology Shares Lead Stock Rally

NEW YORK - Stocks rose ednesday as rallies by technology d bank issues offset weak oil ires and concern that a falling llar would prompt the Federal serve Board to raise interest rates. "The focus is back on the funda-Tentals of the economy," said Times Solloway, director of re-

U.S. Stocks

a nearth at Argus Research Corp add/The Dow Jones industrial averislare closed at 3,720.61, up 12.28 Bints from Tuesday, Gains in profilip Morris and AT&T were tem-Corred by losses in oil companies. - nich fell amid concern about re-

Using and marketing profit mar-starts. Chevron fell 1% to 86% and thousan was off is at 613). pro On the Big Board, gainers led erasers by about a 5 to 2 ratio, Vol-

me was culculated at 337.60 milfrom shares, up from 311.16 million thm Tuesday. ab Meanwhile, the Nasday Cont-

exessite index surged to 37 points, to E1.89. An upgrade at PaineWebterm of semiconductor production waguipment maker Applied Materihas helped pash semiconductor supeks higher. The company rose is 143%, while shares for Intel-brambed 11, 16 to 58 15 16, Motor-

ola rose 1% to 46% and Microsoft rose 2.7/16 to 97 1, 16.

Analysts were at a loss to explain the Nasdaq's marked outperformance of the Dow.

to 37% and Wells Fargo rose 1% to AT&T rose 1% to 55% while

Philip Morris added 15 to 53 Early in the day, U.S. government bonds dropped for the lirst time in nearly a week as a falling dollar aroused concern that overseas investors would steer clear of

ter the Fed raised interest rates bank cut rates Wednesday made traders and investors anxious.

milition in fixed-income investments at Denver's United Capital
Management, "Germany lowered
rates; we've been raising our rates.
The dollar is still weak and people
find it perplexing. That's what's
affecting the bond market."

Rising commodity prices, con-sidered an indicator of inflation. are helping to drive bonds down.

(Rhomberg, AP)

ost-Tightening Blues Weigh on the Dollar

Prejumpited by Our South From Disputeres. or NEW YORK - The market axim "buy the rumor, sell the fact" negative foreign exchange trade on or ednesday as the dollar fell despite ie Federal Reserve Board's raising fc interest rates Tuesday.

Unfortunately the rate move End been talked about for such a ing time so that when it eventually

Foreign Exchange

suppened it was probably an antijimax," said Jurgen Lindemann. read of foreign exchange trading at gandard Chartered in London. The dollar closed in New York at n508 Deutsche marks, down from 6720 DM Triesday Ir Iell to 3,500 yen from 104,525, to 5,6600 rench frames from 5,7290 and to 4085 Swiss frames from 1,4225, he pound rose to \$1,5088 from 4,5025.

On Tuesday, the Fee pushed up in federal funds and discount rate y half a percentage point. Fed ands, which is the rate banks narge each other for overnight rans, now have a perceived target f 4.25 percent. The discount rate. high is what the Fed charges banks or emergency loons, is 3.50 percent.

"The dollar looks like it's head-ing lower," said Bill Arnold, chief currency dealer in Chemical Bank. Market participants have concluded that there won't be any more rate increases" in the United [

States in the near future, Other analysis agreed that the dollar's failure to respond to the higher rates did not bode well for

"This is a dangerous scenario for the dollar," said Huni Taylor, managing director at Revnwood Trad-

likely to be gradual amid general certed central bank intervention.

We're not going down in a major way. There's always the potential of seeing central bank interven-

hoped the Fed's interest rate increases would support the ailing (Penters, Bloomberg)

3900 Among banks. NationsBank rose I to 55%. Chemical gained 1% 5700

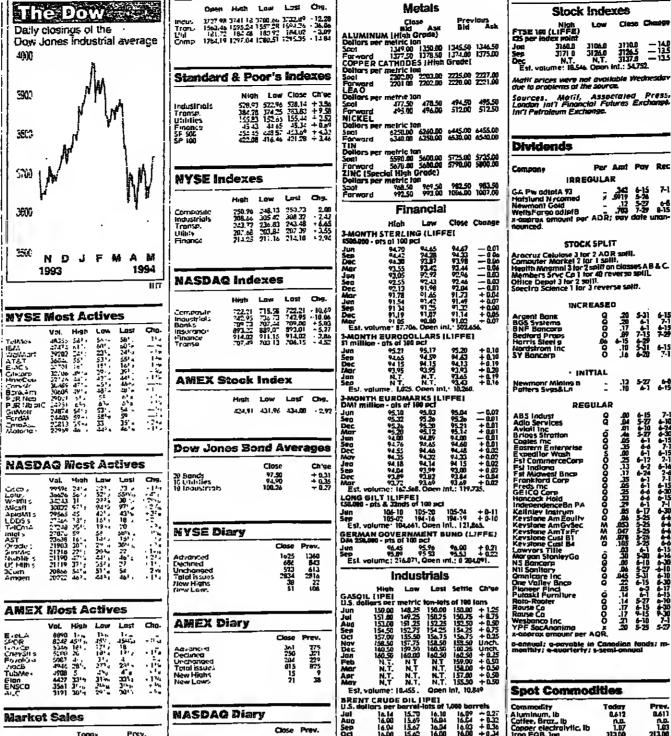
U.S. securities, analysts said. The dollar's inability to rally at-Tuesday and Germany's Bundes- MYSE Most Actives "I think people are surprised." said David Kinney, who runs \$750

find it perplexing. That's what's affecting the bond market."

ing Corp., a Short Hills, New Jersey, currency trading firm, "The strongest weapon i government has to defend its currency is interest-rate policy. If that doesn't work, nothing will." But some said any declines were

market sentiment that sharp dollar osses would be quickly niet by con-

uoa," Mr. Lindemann said. Lloyd Bentsen, the U.S Treasury secretary, said Wednesday he



BT: British Telecom Seeks Global Expansion as Competition Heats Up

Continued from Page 9

AT&T's because BT faces competition for local service as well as long distance, while AT&T only has had to deal with long-distance challeng-

The 50-year-old executive said he would "fight on every front" to keep his customers. "There's no way I can motivate my sales force if I say, 'go for it, chimis, but give up

On the surface, BT appears to be

pulling no punches in its marketing where cable has swiped "thousands services. The campaign has already of value-added network services raised the hackles of women's such as call-waiting and call-forgroups for its portrayal of females warding.

Despite these efforts, some ob-

as "natural" talkers. What is more, BT will try to combat cable operators. The com-pany this week is mobilizing 1,000 employees to conduct a trial "Local Talk" outreach program in Bristol. market position.

efforts. The company this month is of accounts," according to project launching a £50 million advertising manager Jeremy Stafford. The campaign featuring the actor Bob Hoskins to vaunt BT's range of tomers to sample, at no cost, a host tomers to sample, at no cost, a host

> servers said Sir Iain's warrior stance was a marketing ploy designed to ease BT, with its head held high, into a less dominant

"BT's market share can only go one way, and that's down," said Mr. Heyworth of Robert Fleming Securities. "Sir lain's objective is to

moderate that loss." Mr. Heyworth said that BT understands that only by giving up significant numbers of its customerscan it "get the regulators off its back."

To sidestep the regulator's gaze Sir lain's domestic strategy calls for developing nonregulated, high val-

Rising Interest Rates Slash Morgan Stanley Earnings

NEW YORK — Morgan Stanley Group Inc., suffering from the rise interest rates that has rolled financial markets, said Wednesday that fast. quarter earnings fell 41 percent as revenue from the firm's navestment

banking and fixed-income business fell.

Morgan, the third-largest U.S. investment firm in terms of capital, said carnings for the three months ended April 30 declined to \$147 million:

from \$199 million in the comparable quarter a year ago.

"A rising interest-rate environment in the United States and difficultconditions in both the foreign exchange and European fixed income markets contributed to an overall decline in chent activity during our

fiscal first quarter of 1994, particularly in April," the company said.

Morgan's financial year ends in January, unlike most Wall Street firms. which operate on calendar years. That means investors and analysis watch Morgan's results for indications of the securities industry's business during April.

Morgan's decline is an indication of bleaker profits for Wall Street which earned a record \$8.9 billion in 1993 as interest rates fell to the lowest levels in a generation. Earnings are falling this year because rising rates have disrupted stock, bond and commodity markets and caused. underwriting to plunge.

Sales Slump Widens Woolworth Loss

NEW YORK (Combined Dispatches) — Woolworth Corp. said. Wednesday its net loss widened to \$38 million from \$24 million in the ...

weatnesday its net loss widered to \$50 million from \$24 million in the year-ago period amid slumping revenue.

The company said sales fell 18 percent, to \$1.76 billion, after last year's repositioning of its U.S. and Canadian operations, which included.

Analysis had been expecting a profitable quarter, and Woolworth's stock plunged \$2 to \$15 on the oews. (Knight-Ridder, Bloomherg)

Time Warner Set for Phone Hookup

NEW YORK (NYT) - In the first plan of its type in the country, Time Warner Inc. revealed that it intends to use its cable-television system in Rochester, New York, next year to provide telephone service to residenkocnester, New York, next year to provide telephone service to residential and business customers in competition with the local phone company.

On Tuesday, state regulators in New York opened the door to local, phone competition, reaching a preliminary agreement with the Rochester Telephone Corp. In exchange for giving Rochester Telephone more freedom to retain profits it earns from greater efficiency, the company has offered a program for letting rival companies connect with its network.

The ability of rival companies to connect with a traditional telephone network is crucial for competitioo to occur because this allows customers who subscribe to different services to communicate with each other as if . they were using the same company.

Foreign Sales Help Campbell Soup

CAMDEN, New Jersey (AP) — Campbell Soup Co. reported Wednesday that overseas results lifted third-quarter earnings 13 percent despite a. percent drop in overall sales.

a percent drop in overall sales.

The company reported profits for the quarter ended May 1 of \$119 million on sales of \$1.57 billion. Last year, earnings for the same quarter were \$105 million on sales of \$1.63 billion.

Campbell U.S.A. sales dropped 8 percent, to \$913 million, and operating earnings dropped 2 percent, to \$150 million. The international division reported a 40 percent increase in operating earnings, but sales for the period fell 2 percent, to \$380 million, compared with \$390 million last year. Varig Pilots Offer a Rescue Deal

SAO PAULO (Bloomberg) - The pilots' union of the Brazilian airline

Varig SA is offering concessions in exchange for an equity stake to try to save the company, a unioo representative said Wednesday. The union wants a role in Varig's talks with creditors, said Luca Bettini, a vice president with Chase Manhattan Corp.'s Chase Bank. The union retained the Chase unit as a financial adviser, the bank said Wednesday. The company plans to lay off 2,600 workers to save \$6 million a month.

For the Record

Briggs & Stratton Corp. announced production shifts that will move about 2,000 jobs out of the Milwaukee area in the next few years. The company makes small gasoline engines and auto locks.

Northrop Gramman Corp.'s chairman, Kent Kresa, said he expected the company to achieve double-digit earnings growth for several years starting in 1995, from a 1994 baseline.

Calgene Inc. said the U.S. Food and Drug Administration had declared its tomato growth enhancer safe to use. The FDA found the tomatoes grown from Playr Sayr were as safe as tomatoes raised by conventional means, the company said.

WORLD STOCK MARKETS U.S. FUTURES | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | Paris Ligina Centro 2 Centro 3 Centro 4 Centro 5 Coron 5 Coron 6 Coron 6 Coron 7 Contro ### CONTINUES OF C 7.4:18.154.48 18.154.48 18.154.48 18.164.19 18 +1.50 +1.45 +0.70 +0.40 +0.40 +0.40 +0.40 +0.40 2.66° 4 1.67° 4 2.63° 1 2.63° 1 2.63° 1 2.63° 2 2.68° 2.49 +0.07% +0.02% +0.02% +0.07 +0.01% +0.01% +0.65 1.853 +0.85 1.148 +1.10 38.771 +1.00 8.254 +0.05 5.62 +0.075 +0.05 +0.05 2.046 +0.00 727 +0.00 228 +0.75 479 +0.75 479 +0.75 479 +0.75 479 +0.75 479 +0.75 479 +0.75 479 +0.75 479 +0.75 479 +0.75 479 +0.75 479 +0.75 479 +0.75 479 2736 | 5130 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 5120 | 51 COTTON 2 (NCTN) Mass bar. 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Krupp Sees Payoff Soon From Steel-Sector Cuts

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ra Rescue Deal

ESSEN, Germany - Fried. Krupp AG Hoesch-Krupp said Wednesday it lost 30 million Deutsche marks (\$18 million) in the first quarter but that much better results from its truncated steelmaking division would enable it to break even this year.

Last year. Krupp's net loss more than doubled, to 589 million DM. from 250 million DM. The company was hurt by operating losses of 780 million DM from its steel unit. Krupp Hoesch Stahl AG.

Although steel prices have only risen between 5 percent and 7 percent this year and are way below the levels of two years ago. Krupp said its drastic reorganization would improve the 1994 result sharply. Provisions bave been taken to cover most of the costs.

"The new group structure, the extensive adjustment measures and the synergy effects have created the conditions for a breakeven result in 1994, even with a continued weak economic situation," said Gerhard

Cromme, the chief executive. The company's shares gained 2.5

ABB Rebounds

On Lower Costs

Bloomberg Business News

Brown Boveri AG, the Swiss-

Swedish heavy-engineering

conglomerate, reaped the re-wards of lower costs in the first

quarter, as pretax profit rose 32

Although revenue declined,

ABB increased operating earn-

ings after depreciation by 18

percent to \$481 million, partly

ABB said it was seeing "a

gradual recovery" in demand

for many of its products and

services, which range from

building power plants to restor-ing the U.S. presidential yacht.

Investors were impressed with

the earnings, and shares of

ABB's 50 percent owner,

Brown Boveri Corp., rose to 1,288 francs (\$906) on the Zu-

rich stock exchange from 1.275.

In Stockholm, however, class A

shares of Asea fell to 640 kro-

nor (\$82.31) from 644. In 1993,

ABB took a \$596 million

charge for restructuring, as it

laid off staff and closed plants.

STABLE AFTER SAFET TO BEAUTIFUL ASSOCIATION .

due to lower personnel costs.

percent, to \$246 million.

ZURICH - ABB Asea

trading.

Mr. Cromme said there would again be a "slightly negative" result from the steel division in 1994. All other divisions were profitable last year except machinery, which had a 'slight" loss, he said.

Sales in the first quarter were up 5 percent on the year and orders were up 12 percent, the company

Like its rivals, Krupp has been hit by price pressure and increased competition from Eastern European and subsidized Western European steelmakers. As a major supplier to European earmakers — with 20 percent of 1993 sales accounted for the automotive industry - it has also felt the effects of a massive

slump in its customers' sales. To cope, Krupp closed one steel mill last year and laid off workers at others. Altogether, the workforce fell by more than 10,000 last year, to just over 78,000, and will fall by up to 7,000 more hy year-end from 72,000 at the end of April.

The steel workforce will drop to job cuts come depends partly on the outcome of ongoing talks with 5,900 by the end of this year from 22,576 at year-end 1993.

MOSCOW - Russia promised

on Wednesday to plug disruptive

leaks of rough gemstones on to

world diamond markets, but called

for modifications to a marketing

agreement with De Beers Consoli-

A joint statement issued by the

Russian government and the big

South African firm said both sides

remained committed to the existing

deal, which expires in 1995. But

The two sides were committed to

taking all steps "to curtail Russian

rough gern diamonds reaching the

market outside current marketing

arrangements." the statement said.

Russia and De Beers are the two

biggest producers of gem diamonds

in the world, and the South African

concern controls some 80 percent

of the global market through its

London-based Central Selling Or-

Russia, South Africa's ideologi-

cal enemy throughout the Cold War, sells 95 percent of its rough

gems through the CSO in a five-

ganization

dated Mines Ltd.

changes were needed.

Russia Pledges End

To Diamond Leakage

Recovery in Japan And U.S. Unlikely To Aid Europe

By Carl Gewirtz

down the road from being a pure

steel producer to a supplier of raw

materials and will continue in the

future," Mr. Cromme said. The

pure steelmaking activities now make up less than 25 percent of all

sales, and that will fall further as

the focus shifts to goods and ser-

vices tailored to customers' needs.

"The traditional cooperation be-

tween automobile producers and

suppliers is changing fundamental-

are being required to do work that until now has been done by car-

Krupp's total sales in 1993 were 20.5 billion DM, 6.421 billion DM

of which came from its trading and

DM in steel but was achieved with

about one lifth the number of em-ployees — 4,685 against 22,576 in steel. Unlike steel, the trading divi-

Krupps said that where future

year deal that aims to protect

prices.
But claims that Russia is bypass-

ing De Beers and allowed dia-

monds to leak onto the markets

have soured relations between the

Russia denies it has been selling

diamonds in breach of the agree-

ment. But some officials oppose cooperation with the South African

company, claiming they could get

better prices for their gems else-

De Beers said the agreement that

Russia can market 5 percent of the

nems it sells itself means Moscow

has adequate ways to check that

The two sides started a new

round of negotiations in Moscow

on Tuesday to try to clear up out-

standing issues and they said in the

statement that they expected talks

discussions and I can only say that

it was difficult," said Leonid Gure-

Yesterday was only the start of

prices are fair.

to continue.

two sides for several months.

That is less than the 6.853 billion

makers themselves.

services division.

sion was profitable.

Mr. Cromme said. Suppliers

International Herald Tribune PARIS - Sharp upward revisions to projected growth in North America and Japan will do little to improve prospects in Continental Europe over the next 18 months, the Organization for Economic Cooperation and Development is to tell national policymakers meeting here to discuss the outlook

Thursday and Friday.
The OECD also raised concern that world stock prices "may be vulnerable to bad news" and that a collapse could upset could seriously damage

the economic outlook. Although "the worst" of the European economic downturn "is past," the secretariat report prepared for the meeting ucknowledged that recoveries in Continental Europe Tare either very weak or only just now being established." Even this medicere performance is highly dependent on Europe achieving a substantial rise in net exports, although the study notes that a strong rise in corporate profits "could give

an upside risk to the outlook."

The secretariat also worries that falling household savings. expected to play an important role in the European revival. could be negatively affected by

a sell-off in equity markets. "Share prices remain high, even allowing for the prospect of nising earnings," the report notes. "Price-earnings ratios in most markets are now either at levels which are imprecedented over the fast decade or, at least, on a par with the previous record levels prevailing shortly before the stock market crash of October 1987, so current prices may

be vulnerable to bad news." The secretariat says monetary authorities must be prepared, as they were in 1987, to counterset the impact as the "wealth effects (of a crash) could be greater than

in the past." Another concern is whether the self-off in European bond markets this year, which has pushed up long-term yields, threatens recovery prospects. There is at feast a risk in this regard," the report says. However, with inflation declining throughout the next 18 months,

short-term interest rates also

should ease - to a low in Germany of 4.3 percent, half a point

higher than an earlier forecast.

The outlook for Continental Europe, virtually unchanged from the forecast six months ago, estimates economic growth of 1.4 percent this year rising to 27 percent in 1995. As a result, unemployment will rise from the current 11.7 percent of the labor force to a high of 12 percent before inching back to 11.9 per-cent by the end of 1995.

By contrast, the U.S growth rate has been substantially revised to 4.2 percent this year and 3.1 percent in 1995 - up

Share prices remain high, even allowing for the prospect of rising earnings.'

1.1 and 0.4 percentage points. respectively, from December's lorecast. These latest figures are even more optimistic than the projections announced only last month by the International Monetary Fund, which saw U.S. growth of 3.9 percent this

year and 2.6 percent next year. The dark side of the forecast is a steady updrift in U.S. inflation despite a gradual increase in short-term interest rates, Inflation is estimated to be running at an annual rate of 2.2 percent and seen rising to 2.6 percent during the next six months, to 2.9 percent in the following half year and to 3.2

percent by the end of 1995. Over the same period, threemonth interest rates are expected to rise from the current 4.2 percent to 6 percent,

For Japan, the OECD estimates growth this year of 0.8 percent rising to 2.6 percent in 1995. The forecast is sharply up from the OECD's December projection and a tad better than the IMF's April report, but the secretariat admits that "despite some positive indications, it is not yet clear that recovery has

able number of wealthy buyers.

Iberia, Reeling, Posts Huge 1993 Loss

MADRID - Spain's state airline Iberia SA announced Wednesday a 1993 ner loss of 69.77 billion pesetas 1\$504 million), more than double 1992's loss of 34.82 billion

lberia blamed the poor performance on the crisis in the airline industry, a drop in passenger load and greater financing costs due to three devaluations of the Spanish

Iberia has undertaken an aggressive cost-cutting program, but losses for 1994 could reach 40 billion pesetas, said Juan A. Saez, the artine's managing director. Most of those losses would come from lberia's holdings in Latin America, particularly its 30 percent stake in Aerolineas Argentinas, the company said.

With the backing of a group of Spanish banks, Iberia last month agreed to extend that stake to 85 percent in order to save Aerolineas from financial collapse. Iberia also agreed to a capital reduction of 144 billion pesetas as a way to help absorb its losses of 166 billion pesetas since 1990.

Under Spanish law a company must reduce the value of shareholder capital when losses exceed 50 percent of that capital. The capital reduction will be followed by an injection of new funds.

There are two principal ways to inject funds," Mr. Saez said. "We can seek a subsidy and go through Brussels, or come up with our own financial restructuring citber. through selling off businesses or transferring interests to our principal sbareholder, Tenco.

Teneo is the Spanish government's industrial holding company.

KLM To Place Big Order

jets from either Bocing Corp. or Airbus Industrie, Bloomberg Business News reported from Amsterdam. The order could be worth more than \$600 million.

KLM is considering buying Boeing 767s, the more modern Airbus A-310-300, or McDonnell-Douglas' widebody MD-11, said Hugo Baas, a spokesman for the Dutch airline, Mr. Baas said a decision is expected within a few

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Very briefly:

Virgin Group, the airline and retail company owned by Richartstanty Branson, said it would join a bid to run a high-speed Channel Tunnel rakussiglink. The government is seeking bids to build the rail line betweenstang London and the Channel Tunnel.

• Banco Santander SA said it was in talks with J. P. Morgan Co. ever till some possibility that Morgan's Corsair Fund might increase its stake of 3. percent in Banco Español de Crédito SA.

Merck AG of Germany said it planned to acquire 51 percent of Amerpharm NV, a Dutch manufacturer of generic medicines.

The European Union said it had authorized a joint venture betweelSt Exxon Corp. and Royal Dutch/Shell Group to make plastics in France

• Bank Leum's former chairman, Ernst Japhet, was sentenced to 1. months in prison and fined \$300,000, the beaviest punishment receive, there by any of the 10 former executives of Israeli banks found guilty corces manipulating bank share prices in the early 1980s.

· Axel Springer Verlag AG, the newspaper company, said it would pay a kraiunchanged dividend of 12 Deutsche marks after reporting recently the disprofit rose 25 percent, to 71 million DM (\$42.5 million),

Ford Motor Co. said it would open a research center in Aacher aleri

is looking to replace 10 aging Airbus A-310-203 aircraft with new.

LONDON - Government data released Wednesday showing rising wages and falling unemployment in Britain reinforced analysts' perceptions that British inflation is on the way up and that interest rates will

"I think we can rule out any further cut in interest rates," said Neil MacKinnon, chief economist at Citibank. "If anything, these wage

numbers will bring forward the datased when the Bank of England will bruetempted to notch rates higher." :e a The government said personantaincome rose 4.0 percent in Marchien-

above analysis' expectations for 1 3.5 percent increase. Another relied port showed the number of people to out of work and claiming benefit train April fell by 36,800, bringing thehat jobless rate down to 9.5 percenon-from 10.4 percent a year earlier. me

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Pres

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Continued on Page 12

Luxury Goods Ride Out Recession in Style: Blownberg Business News PARIS - Even at the depths of Europe's recession, the lavish, travel-themed windows of Louis Vuitton's flagship store tempted an envi-

Japanese customers taking advantage of the strong yen, sales of Vuitton's classic monogram handbags and new "Taiga" line of green callskin business accessories are booming. "We managed to avoid most of the ravages of

Now, with consumer confidence growing and

the recession, and now we're seeing a lot of demand," said Lidie Le Ninivin, a Vuiston executive. "The Taiga line especially has been very well received."

Like Vunton, other luxury-goods brands such as Christian Dior perfume and Remy Martin cognac also rode out the recession remarkably well and are in position to make the most out of the recovery, according to industry analysts.

The secret, they said, was a canny mix of clever marketing, a willingness to reduce prices selectively and genuine consumer demand for quality products even in tough times.

Françoise Etienne, luxury-goods analyst at Paris brokerage EIFB, said: "Throughout the

luxury-goods industry, consumption is definitely picking up, partly because people want to make themseives feel good during a recovery. You can see it with Hermes and Louis Vuitton, and it's the same in the perfume sector with Dior."

LVMH Moet Hennessy Louis Vuitton SA, which owns Vuitton huggage and the Dior perfume and fashion house as well as Hennessy cognac and Dom Pérignon champagne, con-firmed business is buoyant when it reported that first-quarter sales jumped 28 percent from a year earlier, to 6 billion French francs (about

That reflected surging demand for cogn and leather goods, and more modest growth in champagne and perfume sales.

LVMH, like Rémy Comtreau SA, which owns the Rémy Martin cognac brand, relies on the Far East for more than 30 percent of its sales. While it has suffered from the contraction in Japanese corporate gift-giving over the past 18 months, a major source of revenue, the company now believes the worst there is behind it and that sales should start to recover.

LVMH cur Japanese cognac prices by about 10 percent earlier this year in response to the strong yen and to preserve market share.

Among perfume and cosmetics companies analysts said the story is similar. Dior has seen sales continuing to grow in North America and the Far East and recovering in markets such as Japan, France and Germany. Its perfume and cosmetics sales rose 7 per

cent in the first quarter alone to 1.5 billion francs, helped by the launch in March of its new Tendre Poison perfume and increasing sales of its Syelte and Capture Lift beauty creams. The buoyant business outlook is encouraging companies to look for acquisitions and alli-

ances to cash in on consumer demand and fund Investment In late April, LVMH announced that Dior

would take a major stake in French perfume house Guerlain for 2 billion francs, co-managing it with the Guerlain family.

The move makes LVMH with Guerlain the

world leader in high-quality perfumes, with about 20 percent of the key French market. Investors have responded enthusiastically with LVMH stock outperforming the CAC 40 index of French blue-chip stocks by 20 percent since the start of the year and taking the shares to a two-year high earlier this month of 941

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The US dollar will soar, deliation will continue; gold & most commodities won't ilse: Japan's economy & stock market will be weak." You did NOT read that in FullerMoney - the topopolastic investment letter.

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China Predicts Growth With Risk of Inflation

BELLING - China forecast Wednesday its economy would expand by 12 percent in the first half of the year, an announcement that made its goal of pegging growth and inflation to below 10 percent look

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increasingly unrealistic. In a report carried by all major newspapers. Wei Liqui, a spokes-man for the State Planning Commission, said industrial output would grow by 18 percent from January to June, compared with the similar period last year, while fixed-asset investment and consumer sales would rise by 30 percent and 22 percent, respectively.

Nusantara Looks To Set Up Joint Venture in U.S.

Reuters JAKARTA — Nusantara Air-craft Industries Ltd. Indonesia's state-run aircraft maker, said Wednesday it was studying the possibility of setting up a joint ven-ture in the United States to manu-

facture airplanes.
"We are seriously studying the possiblity of establishing a jointventure company to assemble or produce our N-250 airplane in the United States," said Jusuf Habibie. the research and technology minister. "Some aircrast industries there

are keen to join."
The N-250 is a medium-haul, 70seat commuter plane that is due to price controls. make its maiden flight in April 1995. Each N-250 will cost \$13.5

Mr. Habibie, who is also the president of the state-run company, refused to say which U.S. air- ery in state-sector production in craft makers he had held discus- April, with output increasing 5 per-

A Western economist said the forecasts suggested China would have difficulty bringing 1994 growth below 10 percent. Growth last year was more than 13 percent.

"In the first quarter, they said 12.7 percent growth was a seasonally adjusted figure in line with real growth of about 10 percent." he said. "There's not much seasonality in the first six months, so it's a good indicator of where they are really going."

Mr. Wei, however, was upbeat about figures for the first four months of the year, saying they reflected the success of reforms implemented in recent months in the

hope of cooling down the economy. industrial output grew 16.4 per-cent in the first four months, over the like period last year, while fixedasset investment rose 38.4 percent. Mr. Wei said. The ligures were down from 25 percent and nearly 70 percent, respectively, between Janu-

arv and April last year. The official said the slowdown in fixed-asset investment had created a stable supply of raw materials, predicting that this would help

bring down inflation in the second quarter of the year. Inflation was running at 20.1 percent nationwide and some 26 per-

cent in big cities in the first quarter. However, the economist said China was unlikely to come any-where near its target of bringing annual inflation down from 13 percent in 1993 to below 10 percent this year, despite efforts to control the rate artificially by reimposing

"Twelve percent economic growth really is too high to be consistent with bringing down inflation," be said.

Mr. Wei also pointed to a recov-

Tokyo's Big 4 Rebound **Commissions Rise at Securities Houses**

Compiled by Our Staff From Dispatches

TOKYO - Japan's "Big Four" securities houses, benefiting from a recovery in commission revenue, announced their best earnings figures in three years on Wednesday and forecast further improvements in the year ahead.

But the pretax earnings posted for the financial year ended in March by Nomura Securities Co., Daiwa Securities Co., Nikko Securities Co. and Yamaichi Securities Co. were still down sharply from their record earnings performances at the turn of the decade.

"Despite slowdowns in individual consumption and capital investment, the stock market was relatively firm throughout the year, with increased turnover," said Nomura, Japan's largest securities company. "But senument was not dra-

A Yamaichi executive warned, however, that he did not expect a sharp rise in earnings in the year ending in March 1995 in spite of active costeutung efforts. He said any economic unturn this year is likely to be moderate and a full-fledged recovery was not likely until well after March

A major factor behind the earnings recovery was the boost to commissions which accompanied a rebound in equity trading.

Buoyed by heavy foreign buying, average vol-ume on the Tokyo Stock Exchange soared to 390 billion yen (\$3.73 billion) a day in the financial year ended in March, up from 140 billion yen a executives said.

Other positive factors were increased revenue from underwriting, which accompanied the first public share offerings in four years, and a rally in the Japanese government bond market for most of the year. Revenue from iovestment trusts was buoyed by booming markets elsewhere in Asia.

Nomura posted pretax earnings of 50.7 billion yen, up sharply from 2.38 billion ven a year earlier. Nomura also said that its operating revenue climbed 16 percent, to 399 billion yen. The company predicted earnings would rise to 90 billion yen in the current year and that revenue would rise to

Daiwa announced profit of 52 billion ven, reversing a loss of 7.27 billion yen a year earlier and displacing Nomura as the country's most profitable stockbroker. The company forecast improved earnings of 60 hillion yen for this year.

Nikko posted a profit of 35 billion yen. up sharply from 2.5 billion yen a year earlier, and the company forecast a profit of 50 billion yen for the

Yamaıchi announced a profit of 17.9 billion ven. reversing two years of losses, including a loss of 37.4 billion yen a year earlier. It forecast profit of 25 billion yen for this year.

Executives said that earnings this year were likely to be buoyed by a continued rise in underwriting commissions, following recent moves to boost the number of companies permitted to seek stock market listings to five a week from three.

Strong Yen Bites Into Casio's Profit

billion yen.

cent of its products.

managing director. The compa-

ny had projected a profit of 9

company that has achieved

worldwide fame for its calcula-

Casio, a family-controlled

TOKYO - Casio Computer Co, one of the world's top makers of digital watches, said Wednesday the strong yen and weak overseas sales cut profit in the year to March by more than a third, the first decline in six

Current profit fell 36 percent. to 7.38 billion yen (\$71 million), in the year ended in March, while operating income plum-meted 56 percent, to 4.4 billion yen. Sales fell 1 percent, to 322.22 billion yen.

The strong yen and falling ■ Olympus Net Off 33% sales were the chief culprit."
said Toshio Kobzai, senior

Olympus Optical Co., a major maker of cameras and medical equipment, announced Wednesday that profit for the year ended March 31 fell 33 percent, to 6.32 billion yen. Bloomberg Business News reported from Tokyo.

tors and musical instruments as "The strong yen cost us 15 billion yen in lost sales revenue." well as watches, exports 51 persaid Minoru Ohta, general man-While sales in the United ager of the company's finance States rose 13 percent last year. department. The company exoverall sales in markets outside of Japan dropped 16 percent, Mr. Kohzai said. ports about 64 percent of its pro-

Malaysia **Shores Up** Ringgit

KUALA LUMPUR - Malaysia's central hank aggressively sold dollars for ringgit Wednesday in a bid to shore up the local currency. brokers said.

Bank Negara also eased a curb on foreign buying of long-term bonds to expedite the ringgit's recovery, brokers said. The Malaysian currency has dropped more than 6 percent in value since mid-February, when the central bank stepped in to limit speculation on the currency by foreign investors.

The dollar finished at 2.61 ring-git Wednesday, compared with 2.79 at the Malaysian currency's mid-February peak.

"They need the foreign players to take the ringgit back up." an economist with a regional fund management institution said.

Brokers said they were given oral instructions from the central bank to ease foreign buying of long-term bonds. Foreigners are still not allowed to buy short-term bonds.

But several brokers said they expected the central bank to gradually lift all restrictions on inflow of speculative funds.

"There has been no change in policy, but there is clearly a shift in strategy and approach. a chief economist with a Kuala Lumpur

bank said of the central bank moves. On Monday, the central bank lifted a levy on restru accounts, which are ringgit accounts beld by foreigners in local banks.

Market watchers, who have been trying to decipher central-bank policy since Ahmad Mohamad Don took over as governor on May I. said Bank Negara appears to be adopting a slow course to soak up excess liquidity, revive foreign inves-tor confidence and fight inflation.

The central bank will start nudging up low interbank rates, which are stoking inflationary fires, once it drains excess liquidity from the system, analysts said.

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National Index

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Manila

Jakarta

Bombay

New Zealand

• Walt Disney Corp. has decided to sell 30 billion ven (\$287 million) in restantal three-and-one-half-year bonds with a coupon rate of 3 percent for a price ershigatof 99.90 to retail investors in Japan, according to Nikko Securities Cu-1 some the lead underwriter of the bonds.

• Kawasaki Steel Corp. said it raised its target for job cuts by March 1996 to 3,900 from 2,300 in an effort to accelerate cost-cutting plans; the company said the increase in cuts are pan of its goal to cut costs by 60 billion yen during a three-year period.

 Malaysia will export 2.500 Proton cars to Indonesia in exchange for the purchase of 18 Indonesian CN-235 short-range transport planes under a cross-trade paet to be signed in Jakana.

• Vietnam posted a \$153 million trade deficit in 1994's first four months, as orces imports increased by 29 percent over the corresponding period last year, ures'

 The Japanese government submitted to parliament a 40-day extention/kraiof a stop-gap budget for the current fiscal year which began April 1: the; dis-government of former prime minister Morihiro Hosokawa was forced to asted draft the 50-day provisional budget, which will expire May 20, due to aleri problems regarding passage of the national budget.

• Choya Corp., the major Japanese textile manufacturer, plans a joint said venture in China with four Japanese and Chinese companies, including Cri-international distribution concern Yaohan.

• President Fidel V. Ramos signed a law allowing more foreign banks to gent-operate commercially in the Philippines, easing more than four decades, and (Reuters, AFP) of protectionism. Blumbere, 1FX, 1P, 4FP ased

T-Bill Scandal Rocks Philippines

Central Bank Governor Gabriel Singson estimated

the past four years, have fled the country with millions

of pesos in payments for undelivered treasury bills. The Central Bank began a quiet investigation last week of banks, government agencies and investment firms that had bought treasury bills from Bancapital.

It said two medium-size banks, which it did not identify, were swindled. Mr. Ramos said the Govern-

MANILA - A multimillion-dollar swindle in the sale of treasury bills to private banks and government agencies prompted President Fidel V. Ramos on Wednesday to order a review of Central Bank

losses to buyers of treasury bills from Bancapital ment Service Insurance System, the state pension Development Corp. at about 559 million pesos (\$20.7 million), but banking sources said the figure could exceed 2 billion pesos.

Three officers of the bankrupt company, said to be known and trusted dealers in government securities for swindled banks, committed suicide.

(AP. Remers)

Malayan United Raises SCMP Stake Compiled by Our Staff From Dispatches

Malayan United, which is con-trolled by Khoo Kay Peng, last month bought Mr. Murdoch's re-maining 15 percent stake in the Post for 1.036 billion Hong Kong KUALA LUMPUR — Malayan United Industries Bhd. said Wednesday it bought a 5 percent stake in South China Morning Post Holdings Ltd. from Singapore Press Holdings Ltd., raising its stake of Hong Kong's best-selling English daily to 20.58 percent. Malayan United said it paid 343.1 million dollars for the additional 5 percent stake, or 4.57 dol-The move gave effective control

lars per share. of the newspaper company to Ma-laysian business interests, which will have a combined stake of 55.48 per-cent, including the 34.9 percent stake acquired by Robert Kuok's Kerry Media Ltd. from Rupert Murdoch's News Corp. last year. Mr. Kuok is a Malaysian-Chinese "There is no concerted plan to exert control over the daily," said Pel Loh, the company's spokes-man. The shares are acquired for long-term investment as part of the

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with Dils. 1.72 pet. AMSTERDAM DEPOSITARY COMPANY N.V. Amsterdam, May 16, 1994.

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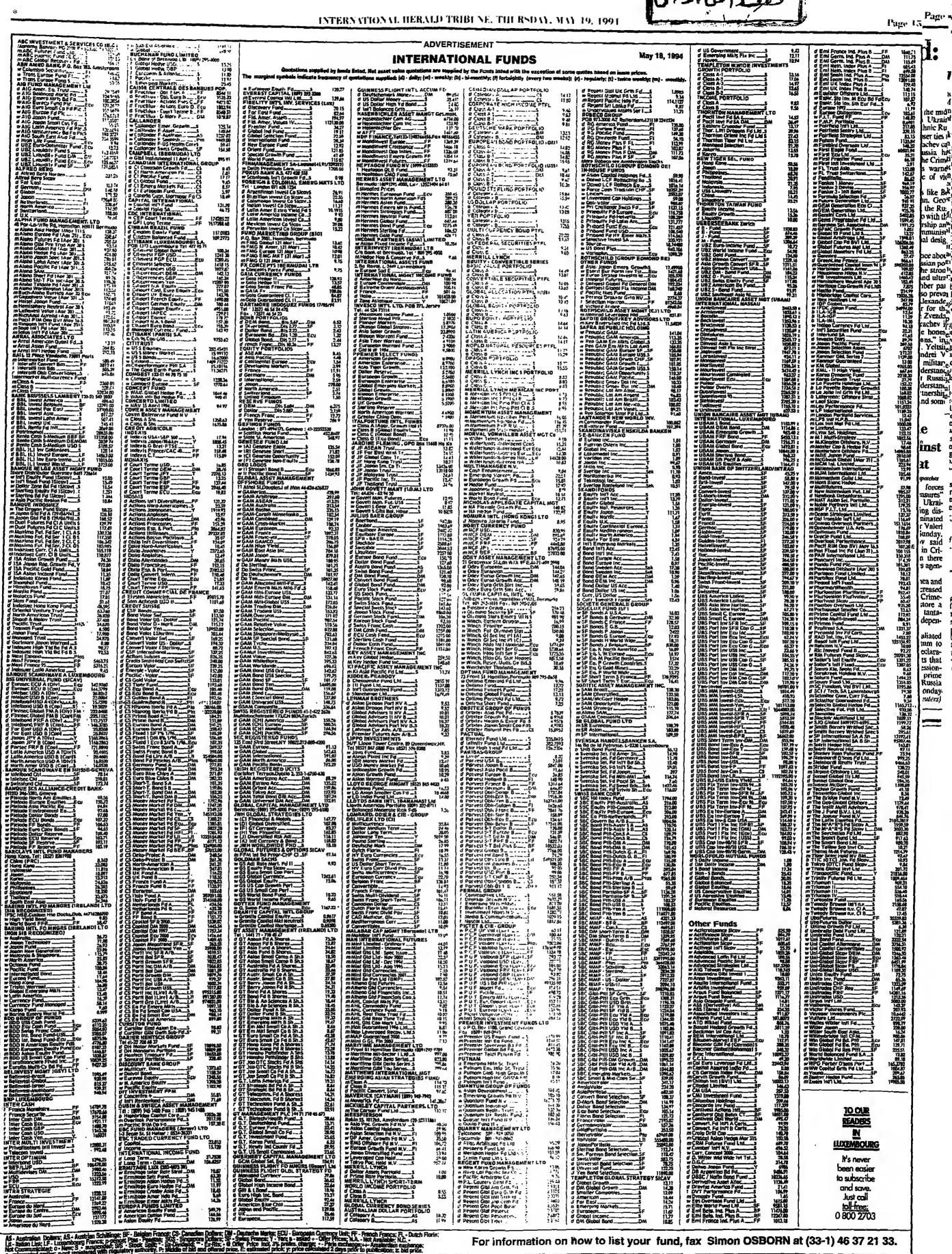
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Rangers Shut Out The Devils to Tie East Final at 1-1

By Joe Lapointe New York Times Service

NEW YORK - Ranger fans aran postpone their panic attack. All s well for the team, which defeated The Devils, 4-0, on Tuesday night at Madison Square Garden.

Devils' fans can stay optimistic has well. All is pretty good for the heam, which kept the game close

STANLEY CUP PLAYOFFS

and tense for two periods without aplaying particularly well. The result evened the National

Hockey League's Eastern Conference final at one victory each. It was the fourth shutout of the playoffs for Mike Richter, the Ranger goalie, who faced 16 shots.

Among the other top Ranger aperformers Tuesday night was Mark Messier, the captain, who scored on the first shot of the game. Glenn Anderson, Sergei Nem-Achinov and Adam Graves also scored for the Rangers.

The Devils' best player was Mar-Aun Brodeur, their goalie, who suf-fered several bumps and hruises and left the game late in the third a period after making 36 saves.

A key moment of the game came Late in the second period, when the Devils had a two-man advantage afor I minute, It seconds but could amanage only one shot on goal.

The Rangers outshot the Devils by 11-5 in the first period. The Rangers held the advantage in the carly part of the second, but the Devils slowly turned the momentum in the middle part of the session.

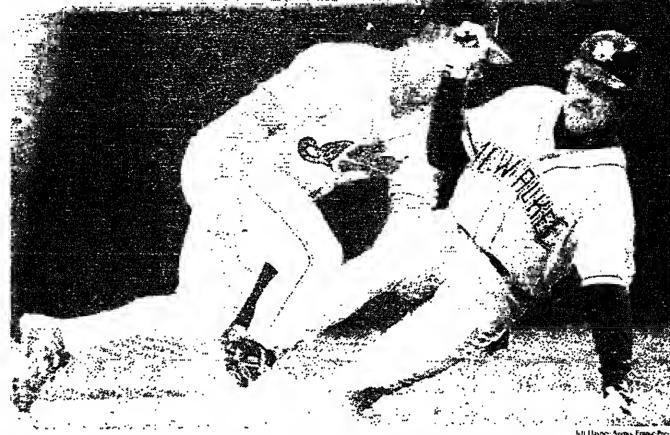
Brodeur came up big when tested on tough shots by Steve Larmer and Aleksei Kovalev, Richter got his chance to shine with 7:12 left in the period when Bill Guerin cruised down the left boards on a fast break that began when Jeff Beukeboom of the Rangers gnt caught pinching deep in the attack zone.

After Richter stopped Guerin with a stab and juggle of the glove on his left hand, Beukeboom caught up to the play just in time to run Scott Stevens into the backboards and draw a penalty. The Devils' power play quickly became more powerful when Esa Tikkanen, cruising the crease at the other end, was

penalized for charging into Brodeur.
That gave the Devils a two-man advantage for 1:16, but they didn't pur consistent pressure on Richter and managed only one shot on goal. The Rangers scored three goals in the first half of the third period.

■ Fedorov Is Suspended

Sergei Fedorov, center for the De-troit Red Wings, will sit out the first four games of the regular season, the National Hockey League announced, because he crosschecked and punched Jay More of San Jose in a playoff game on April 30. The New York Times reported.



Carlos Baerga of the Indians failed to make the tag on Matthew Mieske of the Milwaukee Brewers at second base in Cleveland.

Reds Stop the Braves, 4-3, in Battle of League's Best

worthy of their standing. The teams with the best records in the National League had to go to extra innings on Tuesday night before the Reds eked out a 4-3 victory.

Kevin Mitchell, who scored from third on Jacob Brumfield's sacrifice fly in the 10th inning, said: "When you have

NL ROUNDUP

two teams in first place, any kind of mistake you make they're going to capitalize on. You felt it was going to be tight like that. It was going to come down to the last nitty-gritty." The Central Division-leading Reds, who at 24-13 are a

half-game better than the East-leading Braves (23-13), tied it in the ninth and won it in the 10th off Atlanta's stopper. Greg McMichael, and ruined a fine outing by Greg Maddux. The Atlanta starter, bidding for his seventh victory, gave up

two runs and seven hits in eight innings.

In the ninth, Bret Boone doubled with one out and Brumfield walked, After Eddie Taubensee struck out, Barry Larkin singled to make it 3-3.

In the 10th, McMichael made two errors on Mitchell's

The Cincinnati Reds and Atlanta Braves played a game Reds' dugout to move Mitchell to second, Tony Fernander's orthy of their standing. The teams with the best records in intentional walk and Boone's single loaded the bases for Brumfield

Jeff Brantley pitched the 10th to get the victory Rockies 7, Dodgers 6: In Denver, Andrey Galarraga completed a three-run rally with a one-out single off tim Gott in the ninth. Mike Kingery led off with a pinch-hit double off Darren Dreifort, and Howard Johnson's pinch hit single brought him in. After another single by Walt Weiss, Gott

Joe Girardi sacrificed the runners to second and third, and the tying run scored when Johnson beat Tim Wallach's throw home on Dante Bichette's bounder to third, Galarraga then singled to center, his second RBI of the night.

Phillies 6, Expos 5: In Philadelphia, Scan Berry fielded Ricky Jordan's grounder to third and threw wildly to the

replaced Dreifort.

plate, allowing the tying and winning runs to score in the softom of the ninth.

Mets 4, Marlins 3: In New York, Joe Orsulak, who had homered earlier, hit a two-run single with two out and the bases loaded in the ninth. Todd Hundley opened the ninth with a walk off Yorkis Perez, and John Cangelosi sacrificed

him to second, Jeremy Hernandez came on to retire one batter, then issued walks to Jose Vizcaino and Jeff McKnight to load the bases.

Willie McGee also homered as San Francisco won in Houston, Bonds hit a two-run homer in the fourth and McGee followed with a solo homer. Then Bonds added his 11th homer of the year in the eighth. Cardinals 2, Pirates 0: In Pittsburgh, Tom Urbani held the

Pirates to one hit over Thurnings and five relievers went the rest of the way. Carlos Garcia had two singles for Pittsburgh's hits. Rene Arocha got the final out of the ninth for his first save. Cubs 11, Padres 4: In Chicago, San Diego led by 3-0 until

the third, when the Cubs erupted against Scott Sanders, activated from the disabled list before the game. Steve Buechele and Rick Wilkins singled and Tuffy Rhodes hit a sacrifice fly. Rey Sanchez reached on a third-strike wild pitch. Brad Ausmus was charged with a passed rall and Sanders threw another wild pitch on ball four to Ryne Sandberg that allowed Wilkins to score the second run.

Twins Bring End To Yanks' Streak

The Associated Press

their 10-game winning streak. Jimmy Key held the Twins to

five hits in seven ionings, but left when a blister developed on his left index finger. Minnesota then rallied against the Yankees' relievers for three runs in the eighth and a 5-

AL ROUNDUP 4 victory Tuesday night at the Me-

trodome in Minoeapolis.

"It was getting to the point where it was getting sore." Key said. "You start adjusting your delivery, and it throws you off and could cause a more serious injury. There was no sense risking it. The Yankees had been 24-0

when leading after seven inniogs. and the Twins had been 1-18 when trailing after seven. But Bob Wickman. Sterling Hitchcock and Xavier Hernandez could not hold a 4-2

Wickman relieved to start the eighth, gave up Matt Walbeck's double and was replaced by Sterling Hitchcock, who gave up Chuck Knoblauch's one-out RBI single.

After Knoblauch scored the tv-

Giants 5, Astros 2: Barry Bonds drove in three runs and White Sox 10, Angels 2: Hours after announcing that they were

changing managers, the Angels could not change their luck. Julio Franco homered and drove in five runs as Chicago won in Anaheim,

Buck Rodgers was dismissed earlier and replaced by Marcel Lachecoach, Bobby Knoop, will fill in for two games before Lachemano takes over on Thursday.

A blister gave the Minnesota
Twins the break they needed to
stop the New York Yankees and
their 10 come winning street. at the Coliseum

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on Clark's single: Tigers 13. Blue Jays 6 won at the SkyDome in Tokke The Tigers stopped a seer pain

losing streak and sent Toronte Belcher won for the first nine starts since signing of troit on Feb. 7: 🚓

Indians 7, Brewers 3: Kining ton homered twice in a game the first time, and Cleveland visiting Milwaukee for its flow straight victory. The Business

their sixth in a row. Albert Belle hit his liftle three three-run shot, and Carlos Banks had a two-run homes for

Knoblauch's one-out RBI single.

Xavier Hernandez came in and retired Chip Hale on a fly to Bernie Williams in center field, with Knoblauch tagging up and hustling into second.

After Knoblauch scored the ty-out the second walking one. The Smith ing run on Puckett's single. Mack sent a 2-2 pitch just over Williams's With the score tied at 2 milk head for his second double of the Oriole eighth, Rafael Palment and Oriole eighth, Rafaet Palmery and an infield single that extended his hitting streak to 19 games, limited in the majors this season. Haraff Baines, who bomered earlier, singled Palmeiro to third, and Cal Ripken hit a sacrifice fly

Royals 4. Marmers 0: David Cone pitched his second stringhi shutout and won his seventh co secutive start as Kansas City tant mann, the Florida Marlins' pitching coach. The Angels' first base struck out 10 and pitched a form hitter. He did not allow a hit hand-Eric Anthony singled with two our in the sixth inning.

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The Michael Jordan Watch

gle, loar liv outs and ground out live strike-outs and one wolk. He was cought steeding wide Jordon had one bullout in front freid SEASON TO DATE Jordon is builting 229 131-tor-130) with 10 runs, six daubles, 18 RBI. 10 walks, 38 strikeouts and to staten bases in to

Tuesday's NBA Playoffs

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Anonta: Monning 7-15 6-8 20, with 5-90-0 10, Kancob 0 2 0-00, Augmon 4-8 1 Kancob B-26-09, Augmon 48 1-44, Blayvick & 121-4 14, Ferrell 3-51-27, Lang 2-71-2-5. Ehio 9-13-2-3-22, whetley B-11-2-1, Totals 30-72-13-25-88, 3-Point goods—Indiano 5-13 (Ahiller 5-7, McKey D-1, Scott 0-31, Altento 3-3 (Ehio 2-3, Blaylock 1-2), Footled onl—None Radonna-5—Indiano 3-3 (Blaylock 1-2), Footled onl—None Radonna-5—Indiano 3-3 (Blaylock 1-2), Alical 2-3 (Blay lock the Assists-Indiana 17 (Workman 9). Aliania 33 i Blaviack 131. Total foris—Indiana 27. Aliania 22. Technicais—McKey. Aliania

19. //ulambo 2-4 3-6 7, Abdul-Raul 9-21 4-4 22, 5:tih 4-10 14-14 22. Pach 4-11 11-12 19, B.Wil-liams 7-115-919, Rogers 9-20-80, Hammonds 0-1-2-2-2, Tatals 34-83 40-48 109. Uloh: Corbin 6-15 4-4 17, Majorie 8-18 6-12 22. Spencer 5-11 3-5 13, Stock fon 7-18 4-5 18, Horno-cel 6-18 3-3 15, Humphries 0-2 0-80. Chambers 3-10 4-4 10, Benoit 1-8 4-4 6, Howard 0-8 0-9

3-Point gogis-Denver 1-15 (R.Withorns ERIS 6-1. Snth 6-1. Rosers 6-1. Abdul-Raul 6-2 Pock 0-St, Utph 1-10 (Corbin 1-1, Humphries 0-1 Hornocek 0-2, Stockton 0-3, Bengil 0-3), Foolet out—Ellis, Molone, Chambers, Rebounds— Denver 62 | Ellis, B.Williams 111, Uloh 8 | Corbin, Scencer | 141, Assists—Denver 23 | Pack 71, Ulah 23 | Islackton | 131, Total fouls—Denver 32, Uloh 38, Technicals—Mutambo, Pock , HumphHouston leads series >2 Phonesiz: Borkley 14-25-0-2 30, Ceballos 5-12 1-2 11, West 1-4-0-0 2, K. Johnson 4-13-2-2 10, Molerte 0-0-0-0, Green 3-7 1-3 & Miller 5-0-3-1 13, Aince 1, 30-0 2, Perry 1-7-0-0-2, P. Johnson 1-5 0-0

97 7-12 86. Houston; Horry 3-4 1-2 7, Thorpe 8-12 4-5 20. Olduwon B-144-420, Maxwell 5-101-112, Smith 5-84-416, Elie 3-54-410, Herrero I-10-02, Cossett 2-5 4-8, Cureton 3-42-28, Brooks 1-20-02, Bullard 7-6 0-0 4. Jeni 0-2 0-0 6.Tatais 41-73 24-26 109. 3-Point goals—Phoenix 3-13 (Borkley 2-4, Green 1-2, K., Johnson D. I., Molerie 9-2, Henry 0-21, Houstan 3-10 (Smith 2-3, Maxwell 1-4, Herry

Thorpe [31, Assists—Phoenix 16 IMiller. Henry 11, Houston 27 10 ossell 71. Total fauls—Phoenix 20, Houston LL

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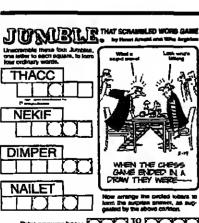
WORLO TEAM CUP le Desseidert, Germany
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OD:

Nuggets Beat Jazz To Stay Alive Again

The Associated Press

elimination for the fifth time in the playoffs, defeating the Utah Jazz 109-101, on Tuesday night in dou-ble overtime in Salt Lake City.

Brian Williams had 19 points. including a dank to give Denver the lead for good in the second over-time. It was Denver's third over-

NBA PLAYOFFS

time victory in 10 playoff games and its fifth straight success in a must-win situation.

Bryant Stith and Mahmoud Abdul-Rauf scored 22 points each, and Robert Pack had 19 as the Nuggets trimmed Utah's advan-tage in the four-of-seven-game series to 3-2. No team has ever won an NBA playoff series after trailing

The game was tied, 87-87, at the end of regulation and at 94-94 after one extra period before Williams's jam off a pass from Pack sparked a 7-0 run that gave the Nuggets a 101-94 lead with 2:27 left.

The Jazz trimmed that to 103-99 on Tyrone Corbin's 3-pointer with 52 seconds left, but got no closer.

The Nuggets, making their first conference semifinal appearance since 1988, will be the host for Game 6 on Thursday, If necessary, Game 7 would be in Salt Lake City on Saturday.

Karl Malone, who fouled out midway through the first overtime, finished with 22 points after scoring only three in the first half. John Stockton had 18 points and 13 assists while Corbin scored 17 for the Jazz, who failed to find an offensive weapon after Malone left.

Hawks 88, Pacers 76: In Atlanta, Mookie Blaylock had his second triple-double of the series and Craig Ehlo came off the bench to score 22 points, keeping Atlanta



Karl Malone of the Jazz fought off a block by the Nuggets' Dikembe Mutombo in Salt Lake City.

The Hawks cut Indiana's lead in the four-of-seven-game series to 3-2, with Game 6 set for Thursday night at Indianapolis.

Blaylock had 14 points, 13 assists and 10 rebounds, and Danny Man-ning added 20 points for the er tied it at 50-50. Hawks, who pulled away late in the

fourth quarter.
Reggie Miller led the Pacers with 22 points, including five 3-point baskets, and Derrick McKey added 20, but Indiana was frustrated by Atlanta's tight defense and shot

only 35 percent from the field. The Hawks, meanwhile, made just 13 of 25 foul sbots but held Indiana scoreless in the final 2:39. The Pacers twice built five-point leads in the first half, the last at 37-32 on a pair of free throws by

Antonio Davis with 4:06 left. Blaylock then led a Hawks come-

alive in the Eastern Conference final minute to lead Atlanta to a 47- Kenny Smith had 16 for Houston, 41 halftime lead.

Indiana opened the second half with a 7-0 run on two baskets by Miller, one a 3-pointer, and an 18footer by McKey for a 48-47 lead. Eblo followed with a 3-pointer for the Hawks before Miller's 20-foot-

Manning's two free throws, a driving layup by Ehlo and a 3-pointer by Ehlo gave Atlanta a 57-50 lead with 7:49 left in the third. and after that the Pacers were never able to catch up.

Rockets 189, Sams 86: In Houston, the Rockets, dominating from the opening tip, opened a 21-point halftime lead and added to it in the second half for an easy victory over the Suns and a 3-2 lead in the series. Game 6 in the Western Confer-

ence semifinal playoff series is Thursday night in Phoenix. Game 7 would be Samrday in Houston. back, hitting a 3-pointer and con-verting a steal into a layup in the Thorpe each scored 20 points and 63.

which finally shut down Kevin Johnson and won its third straight

Houston's knockout punch came early. The Rockets had a pair of early 9-0 spurts, the second of which gave them a 27-13 lead in the first quarter. They did not let up in the second period, opening the quarter with a 10-1 run en route to a 58-37 halftime lead.

The Rockets were running and hitting from inside and outside, and the Suns could not keep pace. Charles Barkley, stretching his aching back during timeouts, scored 20 points in the first half. He finished with 30 and sat out much of the fourth quarter.

Olajuwon and Thorpe each scored 11 points in the third period and the Rockets took an 87-61 lead into the fourth. Houston opened a 32-point lead with 9:09 to go at 95-

AC Milan Wins Champions' Cup, 4-0

By Ian Thomsen

International Herald Tribung ATHENS - To read the mind of Bernard

Tapie this morning: When the ' Everything known by the Marseille owner to be true one year ago has now thoroughly and finally been abolished, for AC Milan on Wednesday night beat FC Barcelona, 4-0, in the European Champions' Cup final 21 the Olympic Stadium.

In this same final one year ago. Marseille was upsetting this very same Milan, 1-0, which Tapie took to mean that he had outsmarted his European rival, the Milan owner Silvio Berlusconi. One year later and Tapie is thoroughly discredited, accused of, punished for and debi-ridden by a match-fixing scandal in France. As for Berlusconi, he is only the prime minister of Italy. But everyone knows that.

As prime minister, he must remain officially distant from the team, but that shouldn't prevent him from accepting the credit that he wasted his millions trying to buy last year. What was the greatest team ever assembled last year (a loser) was converted into a cautious and defensive side this year la winner!.

Perhaps it won so magnificently not in spite of, but because, more of its greatest names had been shorn for this game — the defenders Franco Baresi and Alessandro Costacurto by ellow cards, Stefano Eranio by injury. Milan happily pushed forward rather than risk staying in its own end, where those losses might be magnified and exploited. So it became the aitacking team it rarely was this season, the attacking team it was supposed to have been a

The attacking team on this night was supposed to be Barcelona.

In little time the most dynamic player was shown to be Dejan Savicevic, thoroughly obscured by more charismatic names on Milan last season. His pirouettes and fly-bys frightened Barcelona immediately, and the Spaniards never knew what to do with him until they started hacking him down early in the second half, but by then it was 3-0 and Barcelona's manager, Johan Cruyff, was still shaking his nead at this sight from the 47th minute—of Savicevic chesting the defender Jose Guardiola off of a soft high ball, then pivoting to lob it in from just outside the left corner of the box, It dropped below the cross bar and above the mispositioned and lunging goaltender Andoni

Znbizarreta like a com into a piggy bank. That game was just reward for everyone who never had their chance last year. After Barcelona had regained some of its balance in the first 10 minutes, the game took on the pace of wonderful baskethall ti.e., not the kind played in Europe).

Savicevie has a wonderful sense of justice. In the 20th minute, Savicevic was sent forward by Zvonimir Boban: He spun around Miguel Angel Nadal and was suddenly into the box with Zubizarreta diving at his feet. Just before impact Savicevie was sliding to get what appeared

be a hopeless, desperate shot. But he got it off, all right, and it wasn't a shot. It was a smart bomb that curled directly to none other than the striker Daniele Massaro. Milan's leading scorer this year and its most useless player exactly one year ago, when he failed to seize victory for Milan while Marco van Basten hobbled with his perennially badankle and Jean-Pierre Papin hit his fist waiting to get in.

Anyway, Massaro put that one into the open goal just as he would in the final minute of the

half. Savicevic danced through Barcelona down the left side until there was no more field to conquer. So he made a U-turn in the box and crossed to Massaro, who was as ruthless with 5 warnet his second goal as his teammate was beautiful.

Alter the third goal the English referce. Don Philip, was handing out yellow cards as if they were flyers on a streetcorner. The Barcelona defender Alberto Ferrer earned one for taking down Savicevic, who quickly carned his revenge by making Ferrer feel like the door of a telephone booth. As the resulting shot — a sure goal — bounced off the right post. Savicevic was just releasing his curly hair from his hands when he noticed Marcel Desailly riding in from the left of the left the left side, alone, with the sloppy clearance. Tapie will recall Desailly as a key player for Marseille last year, sold to Milan this season in an attempt to recover financially from the French scandal.

All night Desailly had watched Saricevic's back, reading everything, and preaching that nothing shall pass. He was as strong as the other was nimble, and his point-blank goal in the 58th minute seemed to rustle the goalkeeper's hair as it whizzed past his left shoulder.

ind ultrafie n ti so preva la dexande, b o con la zvezdap rachevirg land con la zvezdap rachevirg la zvez In the final minutes, Papin appeared on the sideline in street clothes: A luxurious member of last year's Dream Team, he could not even earn a place on the bench this year, and next season he will play in Germany. But he was celebrating as were Baresi and the others; Mi-lan's coach, Fabio Capello, raised his arms, for with his first Champions' Cup (Milan's fifth overall) he had escaped the shadow of Arrigo Sacchi's champagne football of 1989 and 1990; and the people were chanting: Berlusconi, Berlusconi, which made you think, it really is amazing, how much can change in one short

> at forces asures' ninated Valeri Sunday.
> v said rea and creased Crimestore a aliated tum to eclara-

America Turns to a New Bicycling Prince

By Samuel Abt

International Herald Tribun WINSTON-SALEM, North Car-DuPont's long road from Wilmington, Delaware, to Winston-Salem, North Carolina, the public changed sides, crossing over from Greg Lo-

Mond to Lance Armstrong.

chronic fatigue was lessened.

But there was no question about his absence. The three-time winner of the Tour de France was never a player during the DuPout: 22d place overall, laggard finishes in both time trials and struggles in the mountains. At the end, he was 10 minutes, 39 seconds behind the winner. Slava Ekimov of the Word-Perfect team.

LeMond's only consolation, he said, was that "maybe this is a good sign because I've always done well in the Tour de France when I've done badly in the DuPont."

interview early in the Tour Du-Pont, which ended in the hush-puppy belt of North Carolina on Sunday. His allergies were under other race, since 1992, when he won the DuPont. People are beginning of USA" as the pack went by: Arm-strong, a Texan, working to over-take Ekimov, a Russian. This typecontrol LeMond added, and his attracts scant attention.

When the 12-day DuPont began in Wilmington on May 4, LcMond monopolized fan interest. At the short prologue to the race, Armstrong went barely noticed in his rainbow-striped jersey of the world road race champion as he pedaled to the start, passing the team car in which LeMond awaited his turn.

The car was surrounded by spec-tators, many of them carrying cameras and some of them carrying children. Everybody wanted a memory of LeMond. As he moved to the start line, the streets of Wilmington rang with cheers, which were renewed when LeMond fin-And vice versa. He has not done ished fifth in the prologue.
well in the Tour de France, or any Armstrong, meanwhile, was 25th

on a cold and rainy evening.
"I rode like a grandma," he admitted ruefully, meaning he had been far too cautious about crashing on a stretch of wet cobble-

A few days later Armstrong rode better, finishing third in a demanding time trial over two big climbs.
It was tough," he said, "but l

was able to push myself and it felt good to push myself." LeMond lost more than 4 minutes on that stage and said he had been shocked at its difficulty. He

slid far down the standings and They love a winner in the United

States, or at least a contender. The public turned out in gratifying numbers at the sides of the Du-Pont's many roads through Virginis and North Carolina and at its daily small-town starts and finishes. What these fans read about in their newspapers and saw on their television was no longer LeMond but Armstrong, and their allegiance shifted from one American to the other

The script was perfect for people and has to do it soon.

casting became even more pointed as Ekimov stayed on Armstrong's

rear wheel and rode defensively. refusing to attack but following each attack by his rival. The public didn't know it but that is the way races are won. To say it doesn't bother me, I'd

be lying " Armstrong said. "But that's just the way the sport is." Tell that to newspapers and tele-

vision more accustomed to reporting on stock car racing: The daily theme became Ekimov as a somehow unfair shadow of Armstrong's. The guy in second place," said Armstrong, referring to himself.

"looks like the champion now, he looks like the fighter, he looks like the guy who deserves to win. And the guy in the leadership role, he looks like he's just sucking wheel." If the first part of the DuPont had belonged to LeMond, the second part, when the real racing be-gan, belonged to Armstrong. After all, he was the contender.

In the mornings, when fans are allowed to wander the staging area and ask the riders for autographs, it was Armstrong's team car that was surrounded. Although LeMond continued to attract the public, too, it was obvious who won the loudest cheers at the daily sign-in and introduction.

Armstrong ended his race by holding on to second place. 1:24 behind Ekimov, with a good performance in the time trial into Win-

"I'm disappointed, I'm not overly happy," he said, to finish second two years in a row. Armstrong promised to be back to try for victory in the DuPont next year. "I'm still young and inconsis-

tent," he admitted. "I'm moving up in the ranks. I can get better." LeMond? He too can get better



Barcelona's José Maria Bakero and Milan's Demetrio Albertini fighting for the ball during the Champions' Cup final in Athens.

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mains a question.

The next era in American bicycle racing edges closer. It may be a few months too early for anybody to cry, "The king is dead, long live the king"—the Tour de France in July should help determine how true that is - but for now the 22-yearold Armstrong ranks no lower than prince regent. He's the fellow who rules during the absence or infirmi-

ty of the nominal sovereign. How infirm LeMond, 32, is re-

"I'm feeling good, I think I'm getting it back," he insisted in an

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A Perfect Game Is Pitched in Japan TOKYO (AP) - Hiromi Makihara pitched Japanese professional baseball's first perfect game in 16 years as the Central League's frontrunning Yomiuri Giants shut out the Hiroshima Toyo Carp, 6-0, at

Fukuoka Dome on Wednesday. Makihara did not allow a single batter to reach first base as he struck out seven and walked none. He threw 102 pitches. The 30-year-old Makihara. 4-1 this season, was the 15th pitcher to accomplish the feat in Japanese professional baseball history and the eighth in the Central League.

The England rugby team began its tour of South Africa by losing, 22-11, to the Orange Free State provincial side Wednesday. With a lineup of mostly second-string players, England held a 6-5 lead at the half thanks to two penalties by Ryhalf Stuart Barnes. But the South Africans scored three tries to one by the visitors in the second half. The Austrian driver Karl Wendlinger is being brought out of an artificial come by his doctors in Nice, his Formula One team said Wednesday. "Wendlinger is being awakened slowly over several days by reducing his medications," the statement said. "He is scanned at inter-

vals." Wendlinger suffered severe head injuries in a crash during warmups for the Monaco Grand Prix last Thursday. A soccer referee was killed in Algeria when a player punched him in the temple after being expelled from a game between Ain Boudinar and Stidia, Algerian radio reported.

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The Terminator Vote

WASHINGTON — The close assault weapons can be sold and which ones can't be, the next thing vote to ban assault weapons by 216 to 214 was a major defeat for the National Rifle Association and a super victory for every hospital

emergency room in the country. The majority of Democrats voted for the ban, and the majority of Republicans voted against it. This

division along political lines has the pundits

very puzzled. We were all sitting around e table at the National Pundits Club irving to figure out why the final vote went the way it

"Is it possible that when it comes to butlets the Republicans have thicker skins?" Sandy Lawson

Marc Shepard didn't think that

this was the case.

Marc felt that the Republicans did not need the han because they could afford to wear bulletproof

"I know one Republican who says that instead of wasting our money banning assault guns we should use it to huild more golf courses for white-collar criminals."

Congressman Bill Topercer told us: "Once you start dictating which

Lauren Fined In Tuxedo Case

Agence France-Presse PARIS — The American fash-ion designer Ralph Lauren was fined 2 million francs (\$350,000) by the Paris Tribunal de Commerce on Wednesday for copying a tuxedo

dress by Yves Saint Laurent. At the same time, Ralph Lauren was awarded 500,000 francs in damages and interest in a defamation action he had brought against Pierre Berge, head of the YSL couture business, for remarks that appeared

in Women's Wear Daily.
In addition to the 2 million francs awarded to the YSL couture business. Rive Gauche, the ready-towear arm of the fashion empire, will receive 200,000 francs in damages.

which ones can't be, the next thing the government will do is tax us for shooting ourselves in the foot. Our forefathers had the Republicans in mind when they wrote that every citizen was entitled to have an assault gun to defend his home, his summer home and his country

"The truth of the matter is," said Sandy Lawson, "that Republicans have closer ties to the National Rifle Association because they ear in the same restaurants and exchange fruit cakes and wild venison with each other at Christmas time."

Barry Shanoff told the group: "Representative Ratnick informed me that the National Rifle Association lobbyists are the only real friends he has. One time he was stuck in the snow in West Virginia and they sent out a 155-millimeter artillery piece to guard his car until it was pulled out of the drift."

All the pundits agreed that the NRA didn't care il you were a Republican or a Democrat as long as you voted with your head instead of your heart.

I am still not certain if any of the reasons expressed by my fellow I telephoned one of the Republi-

can support groups to see if they could give me the answer. I said, "I'm calling about the assault gun hill."

"Shoot" he said. Why were so many Republicans against hanning the weap-

Because we believe in prayer in school. As long as you have prayer in school you don't have to worry about assault weapons in the classroom.

"Are you sorry you lost?" 1

"Nobody likes to lose when it comes to banning assault weapons. hut there is no reason we can't come back next year and add new weapons to be sold. This country cannot survive with the number of guns now on the market. On Election Day the congressmen who vot-ed for the ban will have to answer to a higher being than the House of Representatives.

"Charlton Heston."

A Trip Into the 'Woodshed' With Dr John

By Mike Zwerin

nal Herald Tribute PARIS — "Woodshed" means to practice or rehearse, shed for short, Malcolm (Mac) Rebennack a/k/a Dr John spends as much time as possible shedding with his band because it "huilds self-esteem and I feel good about life." Joints and concert halls alike are all just sheds as far as he's concerned.

Rebennack considers being paid for shedding a sort of bonus. Studio work can be creative in its way, but producers, arrangers and engineers keep "putting in their two cents," and a horn section accompanying you through earphones leaves much to be desired. He's interested in making real-time music that "ain't goin" on no tape. It's just goin'. It's comin' through you. That's the best feelin' in the world. If you don't get happy doin' that you're doin' somethin' wrong."

"My band plays a little bit of every-thing ..." Let's stop dropping his Gs. you get the idea. Rebennack's thick Delta accent (he was born in New Orleans in 1941) could use subutles. "... Our road book has 120 songs, from Horace Silver tunes to my stuff and tunes that sound good with three horns." They worked in Germany somewhere the forgets exactly) last night, play Barcelona tomorrow night and (he thinks) Switzerland the night after that. Good thing he can afford a good road

Dr John (once suffixed by "The Night Tripper") has accumulated a wide assortment of cult followers by exploring Creole jambalaya, Cajun conceptualism, ragume, the blues, funk, jazz, barrelhouse and boogie-woogie. There was a short spell with Frank Zappa: "I couldn't figure out what was happening. Frank was 100 freaky for me. Too freaky for Dr John would appear to be freaky indeed.

Any way you look at it, he has played key roles in so many styles you wonder what he considers himself.

"I'm a musician," he proclaims more than replies. Followed by a prayer more than an afterthought: "I hope." He began his career as a bahy-face on Ivory Soap boxes (his mother was a model). A large, hearded man who wears a beret, carries an elegant cane and occupies more than his own space, his singing voice resembles him. He writes songs with lines

like. "I'm a Berkeley student in the John Birch Society." After some preteen hanging out in his father's "race record" (a style now cailed Urhan Contemporary) studio, he learned the guitar from Walter (Pagoose) Nelson. and he played the piano with his mentor Professor Longhair, Rebennack became

one of the rare white musicians on the



Mac Rebennack: "If you don't get happy you're doin' somethin' wrong."

black New Orleans session scene. He led a hand for the white teen pop slar Frankie Ford and wrote "What's Goin' On?" for Art Neville. He recorded for small labels with names like Ebb. Ace. Ric and Ron. several of which collapsed, and there was some sort of shooting incident involving a promoter. It was time for Mac Rebennack to get out of Dodge.

In Los Angeles, he recorded with the likes of Sonny and Cher. Mick Jugger and Eric Clapton were guests on his album "The Sun Moon and Harts," and he pleyed on The Band's "The Last Waltz." It's hard to tind a musician of any stripe who doesn't respect Or John. The industry calls him a "major roots artist" and, according to Down Beat magazine, he is a "serious mas-ter of the New Orleans piano tradition."

That tradition, like most other American traditions, has by now moved out of its traditional home. It is easier and cheaper to record his band in New York than to hring the engineer and all the equipment down to New Orleans, which, although it's still his home, is not what it used to be: "When Jim Garrison became district attorney he chopped down all those clubs, the joints that made their money with the gambling upstairs; with narcotics and prostitution.

O. K., it's true, everything was bootleg, but
the first ones he shut down were the places. the cuts went for jam sessions. He killed that whole thing. He tore down all them strips except Bourbon Street, where nobody except tourists ever wanted to go. And now all the local places for local people are just . . . well, history. Gone. It bothers

To explain the title of his recently completed memoir, "Under Hoodoo Moon," he says: "'Hoodoo' is a corruption of

me. New Orleans used to be so fonky.

voodoo, like everything in New Orleans is corrupt." Apparently it's also corrupted his use of language — witness "Shut D. Fonk Up," the title of a track on his new album, "Television" (GRP).

He says he was only trying to be "a little rappy. That's the way kids talk today." So it's a sort of second-level comment on

it's a sort of second-level comment on American society. His use of drum ma-chines was on the same level. He twirled the knobs whenever he felt like it, to bend saxophone notes for example. The engineer said the machine is supposed to be programmed in advance, but Rebennack was just having some kicks." He's aware that his irreverent attitude toward technology is probably considered. "obsolete" by the people who consider themselves "hap-pening." But he'll "have fun being obso-lete and they can have fun doing whatever they're doing."
His record company describes the al-

bum as a "follow-up to 1992's Goin' Back to New Orleans," which won a Grammy. Television' features more of the same ext berant piano tinkling, infectious goodtime grooves and gravelly wit that has made Dr John a true New Orleans icon." Kicks have been Dr John's principal

currency, a means of exchange which, however, is ton easily devalued: "There are songs I wrote that don't even have my name on them. And if it is there, it's with three other guys didn't have nothing to do with it — the manager, the disk jockey, the leader, whoever. Lots of times I didn't even have a contract. One contract I signed had a big fat 'zero' after 'rate of royalty.' You believe that? I thought you got your royalties on the sheet music. Now with electronics and all, they don't even hardly print sheet music any more. I've always just gone along with what happens to me. I didn't look at business. I was always doing this instead of that."

His "freaky" image resembles that of Zoppa — just that image. Along with recording for what he proudly refers to as "rum-dum record companies" with little-known down-home friends of his, he has hear the home for the companies. done his share of lucrative commercial jingles for the likes of Popeye's Chicken. He helped produce a television special documenting the 20th birthday of People magazine. He can't remember many of the prodzne. He can't remember many of the products be's hawked because "by the time I
learn the tune we done did it, the session's
over." He'll play jingles for the money but
they don't pay him to remember them.
Right now he's "living to book up" a
tribute to Doc Pomus album with Bob
Dylan. And Liza Minnelli "called about
deing remembing typesher. It spre would be

doing something together. It sure would be a kick going into the woodshed with her." Dr John: Thursday, Hannover: Friday, Berlin; Saturday, Vienna; Wednesday,

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PEOPLE

Patti LuPone Rides Off

Out of the 'Sunset' Patti LuPone and Andrew Lloyd Webber have reached a settlement in their dispute over the performer's contract to appear in the Broadway production of "Sunset Boulevard." Details of the agreement were not released, but there has been speculation that it might cost the composer \$1 million or more to buy LuPone out of her contract. LuPone was replaced in February by Glenn Close as the star of the Broadway production, which is to open in November.

Unlike the stars of "Dynasty." Washington's Haft family has settled its bitter business feud in a closed courtroom. The family patri-arch, Herbert H. Haft, and his son. Ronald, will pay Herbert's wife. Gloria Haft, and Herbert and Gloria Haft's other two children, Robert M. and Linda Haft, an undisclosed sum for a large part of their interests in the Haft family real estate and retail fortune, according to sources close to the negotiations. The family's assets are estimated to be worth \$500 million to \$1 billion.

Princess Diana spends £3,000 (\$4,500) a week of her estranger husband's money living the highlife according to press reports. A num-ber of British tabloids reported that Prince Charles was furious when he came across a tab of £160,000 (for : year) for Diana's clothing, casue wear for their sons, her alternative therapy treatments, makeup, hair dressing, gifts and travel. Bucking ham Palace dismissed the reports a "just gossip." Charles signed a contract in St. Petersburg for his Business Leaders Forum to publish and help preserve the 170-year-old manuscripts of the poet Alexander Pashkin.

A London magistrate has jailed the Marquess of Blandford, heir of the 11th Duke of Marthorough, for three weeks, after be showed up nearly four hours late for a coun appearance. Blandford, 38, pleaded guilty last month to stealing a checkbook and check forgery, and had been due to be sentenced.

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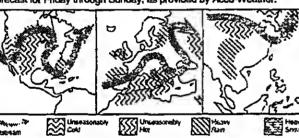
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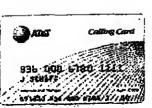
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